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BUSINESS WEEK

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BUSINESS
WEEK

PUBLISHED BY THE McGRAW-HILL PUBLISHING COMPANY, INC. • TWENTY CENTS A COPY

NO PLACE FOR WEAKNESS!

Here's an Amazing True Story of How 17 Allis-Chalmers Lo-Maintenance Motors Proved Their Low Maintenance Costs! Find Out How You Can Make an Extra Profit in Your Plant . . . with the Equipment that Pays for Itself!

Another true case history from the Allis-Chalmers files that proves "IT PAYS TO BUY THE EQUIPMENT THAT PAYS FOR ITSELF!"

Operating where dust filled the air . . . fine chemical dust that bit like acid . . . that's a cruel test for any motor to pass! But it's the kind of test that brings out motor differences that might otherwise take months of normal operation to show up! And it's the kind of test that gives Allis-Chalmers Lo-Maintenance Motors a chance to prove their Full Measure Features!

There were 39 motors on the job in this large Southern chemical plant — 17 Allis-Chalmers and 22 of six other makes. All were operating under the same adverse conditions. But here's what the officials of the chemical company discovered when they checked repair and maintenance costs after two years of service!

For the 22 motors of other makes, the total upkeep cost was more than \$500.00! But for the 17 Allis-Chalmers motors, the total repair bill was the sensationally low figure of \$17.30!

Makes Allis-Chalmers First Choice!

That's the reason this company ordered 18 additional motors . . . made Allis-Chalmers first choice in their plant! And that's the reason Allis-Chalmers equipment is fast becoming first choice in hundreds of plants throughout the country!

For plant managers want the engineering superiority . . . the experience based on 90 years of advancing with industry . . . that Allis-Chalmers gives them in the equipment they buy.

LOOKS BAD, DOESN'T IT? BUT THIS Allis-Chalmers Lo-Maintenance Motor — like the rest of the original 17 in this chemical plant — is still running as perfectly as the day it was installed . . . giving dependable daily service in motor-ruining chemical dust.

It means an extra profit for them . . . in slashed operating costs . . . in reduced overhead!

Allis-Chalmers Means Extra Profits!

And it can mean extra profits for you, too! Call the production engineer in the district office near you. Let him work in cooperation with your engineers . . . show you why it pays to buy the equipment that pays for itself!

PRODUCTS ENGINEERED TO PAY FOR THEMSELVES

Electrical Equipment • Power Transmission Equipment • Steam and Hydraulic Turbines • Blowers and Compressors • Engines and Condensers • Centrifugal Pumps • Flour and Cereal Mill Equipment • Boiler Feedwater Treatment • Saw Mill and Timber Preserving Machinery • Crushing, Cement, and Mining Machinery • Power Farming Machinery • Industrial Tractors and Road Machinery



ALLIS-CHALMERS
MILWAUKEE • WISCONSIN



WHEN THE DESERT BLOOMS

WATER . . .

• Pumped long miles from the river, it spreads through man-made ditches . . . seeps into rich soil centuries dry and fruitless. Water for the wasteland! Mesquite and tumbleweed give way to golden grain . . . green grass . . . and a desert blooms!

• TRAINING . . .

• Men too lie fallow. As the richest soil needs water, so men of honest character and clean, clear mind must have training before they are productive . . . before the seed of opportunity can take root and flourish.

• The parallel is not far-fetched. During the past half-century, the International Correspondence Schools have "pumped" sound, essential training to nearly five million men in every corner of the earth. Today, hundreds of thousands of former I.C.S. students are more useful, more productive, more prosperous and happy citizens . . . because knowledge and training freed and fructified the talents that Providence gave them.

• And from the 100,000 ambitious men who, *today*, are studying I.C.S. courses will come many of *tomorrow's* business, industrial and civic leaders. For these are men who refuse to admit defeat . . . who know that sound training is essential to success, and are determined to acquire that training!

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MILWAUKEE • WISCONSIN

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**YOU'LL GET
EXTRA WEAR
FROM HEWITT**

HEWITT installation at mining plant.

● There's nothing "ordinary" about HEWITT Conveyor Belts built for the hard jobs. Exclusive construction features lengthen life, reduce repairs, step up efficiency, and bring down tonnage costs. In the mining industry, for instance, HEWITT Conveyor Belts are establishing extra ordinary tonnage records. If you are looking for a way to bring down your handling costs, you'll probably enjoy talking over HEWITT's cost-cutting features with a HEWITT distributor.*

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For 80 years, HEWITT Brands have been recognized as outstanding examples of advanced research and exceptional craftsmanship.

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*HEWITT distributors are listed in the classified telephone directories of industrial centers under "Rubber Goods" or "Belting."

THIS BUSINESS WEEK

*Richie for U. S. Steel*

The U. S. railroads were busier this week than they've been for a long time. Idle locomotives were coming out of storage. Reserve freight trains were being switched onto main-line tracks. Old equipment was being patched up, and new equipment was being bought. Traffic, like general business conditions, was booming. In fact, things were looking so good this week that the railroads were figuring on ending the year in the black—the way they did in 1937. The primary cause of all this prosperity, and optimism is carloadings. Carloadings took a sizeable hop up two weeks ago, touching off a buying spree which swamped equipment manufacturers with orders for locomotives and box cars, and deluged steel companies with orders for rails. The railroads on the upgrade—p. 16.

Neutrality

TECHNICALLY, the new U. S. neutrality bill is impartial, and Germany can get munitions from the U. S. just as the Allies can—though the British blockade ought to be enough of a deterrent to any German orders. The limitations written into the cash and carry plan now are pretty tight. If the law's enacted, industry is going to feel it right away. The business angles of neutrality, p. 15.

Minneapolis

LABOR PEACE is the rule rather than the exception in Minneapolis today. Five years ago things were different. Minne-

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PUBLICATION

apolis was famed for its labor strife then. Now it's pointed out as a city which has exceptional cooperation between labor and management. Labor in Minneapolis today claims the city is one of the best unionized in the U. S., and management in Minneapolis, working through an Industries Council, gives both advice and assistance to business firms on labor relations and in collective bargaining agreements. Next week Minneapolis will have a Century Celebration, sponsored by the city's Civic Council. One cause for celebration will be this remarkable labor peace. How it came about, p. 20.

Hearn's

HEARN'S, which operates three department stores—in Manhattan and the Bronx in New York City, and in Newark, N. J.—embarked on a notable experiment in its Newark store this month, when it turned the place into a strictly cash-and-carry establishment. It's something really radical for the department store field, but it obviously finds its inspiration in the low-cost, big-volume merchandising methods of the supermarkets in the grocery field. In fact, it may even be an attempt to meet the increasing competition of the supermarkets, which not only sell groceries now, but are actually on their way to becoming real, live department stores. What's up Hearn's sleeve, p. 37.

The CPA's

THE American Institute of Accountants held its 52nd annual convention in San Francisco last week and judging by all the plans they laid, business can expect the CPA's to go out after a lot of new business this year—p. 42.

Graphic Arts

THE PRINTING INDUSTRY held a Graphic Arts Exposition in New York City this week—its first since 1927—providing a cross section of the industry as it is today, and as it's going to be. In 1927 the emphasis was pretty much on just plain speed. Now it's speed plus a high quality of impression, p. 30.

Shavers

THE THREE-YEAR OLD patent battle between Schick Dry Shaver, Inc. and Dictograph Products Co., Inc. (makers of the Packard Lektro-Shaver) finally finished up last week when Dictograph entered into a stipulation consenting to the entry of a final judgment in favor of Schick. Schick—which has brought patent suits, successfully, against a handful of smaller companies—is now waiting for developments on its suit against Remington Rand. Where who stands in the busy electric shaver business, p. 38.

War Business

ALL the week's developments on the business front of the war are in the War Business department, p. 47.

COTTON

is Still King!

- Deep in the cotton belt is the Gulf South, served by United Gas Pipe Line Company. The Gulf South in 1937 grew a total cotton crop of more than eight and one-half million bales. Local industries using cotton save money on freight—cotton is everywhere in this region!

Here is a hub of new industrial growth and activity—the Gulf South. Raw materials abound. Mexico, Central and South America multiply rich nearby markets. Rail, water, motor and air transport lead to world trade. Schools are well managed and equipped. Weather is mild the year 'round. Land is readily available. Labor is white, intelligent, reliable. Taxes are low—ten years' remission in certain areas!

- Industry is decentralizing southward to a friendlier atmosphere. Move to the Gulf South, where you are wanted and appreciated by your neighbors!

★ ★

The

Gulf
South



Invites
Industry

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For information on GULF SOUTH opportunities write to
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FOR TEXAS, Mail received at: Beaumont, Beeville, Dallas, Fort Worth, Houston, Longview, San Antonio and Wichita Falls. FOR LOUISIANA, Mail received at: Baton Rouge, Lake Charles, Monroe and Shreveport. FOR MISSISSIPPI, FLORIDA and ALABAMA, Mail received at: Jackson, Mississippi.

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IN NEW YORK STATE...**
"The World's Richest Market"

Example No. 10

"I often tell my New York State salesman to look up the Marine Midland Bank where he happens to be. Usually somebody in that bank, from his local knowledge, can give my man a lot of information and save his time . . . I feel free to do this because our Company banks with the Marine Midland Trust Company."



► Your man travelling New York State will find Marine Midland Banks in 35 cities and towns. We will be glad to answer questions on how we and they can serve you.

The
**Marine Midland
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120 BROADWAY

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NEW BUSINESS

Awful Lawful

TIRES WITH FLAPPING breaker strips or exposed fabric have been ruled off Pennsylvania's roads on threat of a \$10 fine. Tire dealers expect a booming business.

State legislatures were a bonanza for private printers this year . . . the average legislature enacted 402 new statutes. California had the most—1,124; Arizona had the least—90.

The American Public Works Association has been experimenting with traffic signals in the state of Michigan and reports that 36-in., light-reflecting stop signs reduced stop sign violations 50% to 75%. Present size of Michigan's stop signs: 24-in.

Traffic Torch Co. of Evanston, Ill., manufactures a traffic cop's electric baton made of light-transmitting "Lucite," the duPont plastic . . . the lighted torch has a red glow at night or in a fog.

Busy Reader

THE "ANTI'S" are heard from again. The personal files of two men who were famous Washington correspondents before their deaths, Paul Y. Anderson of the St. Louis Post-Dispatch and Rodney Dutcher of the Scripps-Howard chain, are incorporated in a new book ("The Pressure Boys," Julian Messner, Inc., \$3), flamboyantly presented as an exposé of lobbying. It was written by Kenneth G. Crawford, Washington correspondent for the New York Post.

Little, Brown & Company's editor, Ray Everitt, commissioned Oland D. Russell to spend five months in Japan getting material for a book on Japan's economic history. Russell, who is now the cable editor of the New York World-Telegram, had been for a long time the correspondent in Japan for the old New York World. His book, "The House of Mitsui" (\$4), is a history of the present wealthiest (\$450,000,000) Japanese family. Interesting point: the 1934 profit statements for some Mitsui branches—Mitsui Bank, 19.1%; Mitsui Trust Co., 30.1%; Mitsui Trading Co., 13.3%; Mitsui's Kanegafuchi Cotton Co., 40.3%.

What's New?

WHETHER THE HUNTER hits his duck or not, the duck often later dies from swallowing spent lead shotgun pellets lying in the marshes. Two scientists at the University of Minnesota have made a magnesium-lead alloy shot which ducks can feed upon with impunity.

RCA Victor has introduced a low-cost record changer which can be installed on any model radio-phonograph combination—if the cabinet is large enough. It plays seven 12-in. records or eight 10-in. records automatically.

Adhibitions

THIS WEEK Westinghouse presented "The Middleton Family at the New York World's Fair." It is a five-reel, technicolor film emphasizing the opportunities for youth in the American way of life . . . General Electric has released a 35-mm. film with 100 still pictures on night driving and the "Sealed Beam" headlight. The sound track carries a 4,000-word commentary on the pictures.

The rate for Salt Lake City parking meters is one hour for five cents, 12 minutes for one cent. A chain of gasoline stations has a staff of men who look for cars parked near about-to-expire meters. They insert pennies and leave cards inscribed: "12 minutes courtesy parking at expense of Allen Oil Co."

"Suppose you are driving along on Fullerton Ave. (Chicago) late at night and have a serious accident," W. M. Carland of 29 E. Madison St., Chicago, queries. "Someone is seriously hurt . . . a few moments may mean life or death . . . This time factor can be reduced by using the Emergency Hospital Guide." His guide, a moveable cardboard chart of Chicago's hospitals, has a space for an advertiser's name.

Our Times

THE National Youth Administration of North Carolina has completed a study of employment opportunities in the state's tobacco factories and contributes a note on technological unemployment. "The expansion of the industry," the report states, "has required a continually increasing number of employees in spite of machine improvements."

Oct. 14 to 21 is National Washer-Ironer Week. Slogan: "Time to Retire that Old Washer."

Civil Service examinations for stenographers in Buffalo and Chicago are getting far better dictation results, it is reported, now that they are using radio-electrical records. An experienced dictator makes a disc which is then used for various sections of the applicants.

Three-quarters of a billion anti-tuberculosis Christmas seals, designed by Rockwell Kent, have been lithographed by Eureka Specialty Printing Co., Scranton, Pa.; Strobridge Lithograph Co., Cincinnati, Ohio; Edwards & Deutsch Litho. Co., Chicago; and United States Printing & Lithographing Co., New York.

The city of Chicago's Special Events Committee is working on a plan for a year-round program of "head-liner" events which will culminate each July with a month-long series of attractions expected to bring visitors from all over the country. Some items: a county fair for farmers; "front page" events in music

and "other champion polo, and sports fan ton, base aviation.

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and "other cultural endeavors;" "world championship" contests in golf, tennis, polo, and boxing; also contemplated for sports fans are archery, lacrosse, badminton, baseball, horseshoe pitching, and—aviation.

Two years ago the American Standards Association, at the behest of the Association of Consulting Chemists and Chemical Engineers, appointed a committee to lay down principles which ought to underlie a public certification that is to be valid. The committee is preparing its report; it will be out sometime in the spring.

Chemical gardens are a commercial success in the mid-west and might well be used by the war-distressed nations to conserve badly needed farming areas, according to investigators of the Moore Research Laboratory, Buffalo, N. Y. Seeds are placed in specially built beds which contain a water solution of the necessary chemicals—but no soil. The average yield is 100% to 300% greater than for a corresponding acreage of a soil-planted crop.

Geologists in Tulsa, Okla., fields are analyzing soil to locate oil deposits . . . gases seep up from the reservoirs and an excessive concentration of hydrocarbons is the give-away.

Add What's New?

J. B. WILLIAMS Co., Glastonbury, Conn., manufacturer of shaving creams and other wet-shaving accessories, has announced a new addition to its line—"Roto-Shaver," the electric shaver with four blades in a revolving head which looks something like a saltcellar.

A table-top electric water heater with two heating elements is being marketed by Frigidaire . . . Carrier Corp. has a new display case to merchandise frozen foods. The space between the glasses in the show window are dehydrated and can't fog.

Tele-Tunes, a 16-hour per day piped music service for San Francisco can send out five different wired programs simultaneously . . . so the customer has variety.

About 7,000 copies of a new monthly magazine, *Resort World*, 123 William St., New York City, have been mailed out to resort operators and chambers of commerce. It is an independent, vacation-trade publication which will also sponsor an annual vacation guide for the United States and Canada . . . The American Institute of Laundering is publishing *Better Homemaking*, a give-away for member laundries.

The National Resources Board came through with some unexpected marketing advice in its "The Structure of the American Economy" (BW—Sep 23'39,p52). It notes that in a period of expanding national income, consumer expenditures tend to increase fastest on automobiles, then on furniture, then on pottery. Semi-durable purchases are next in line.

WHEN METAL CONTACTS METAL
AT TODAY'S TOP SPEEDS . . .



WEAR IS
EVERYWHERE
...unless you
check it with SKF

Step up your R. P. M.'s until they hit their peak . . . get all the speed you need . . . but never fail to provide the assured protection of SKF Ball or Roller Bearings. SKF Bearings are designed to do the job to which they're assigned. Specifying SKF is always a move toward reduced power, lubrication and repair costs. SKF Industries, Inc., Philadelphia, Pa.

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This manufacturer of heavy and specialty chemicals is a client of

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In the entire country, in 1 lb. containers of this fluorite, which has played such a vital part in the modern history of glass and enamel.

Until then these products were made only on a small scale and at excessive cost compared with today. The low melting temperature, strong fluxing action, and the opacification obtainable with Kryolith went far to revolutionize the industry and to bring about its present-day success.

Better working enamels of higher quality at lower cost. Glass products in various shapes and shades were produced in active forms. In all properties of Kryolith is an essential part. Kryolith is natural Greenland salt, refined, and sold in Be sure the frit you buy is made of Kryolith.

Pennsylvania Salt Manufacturing Company, Widener Building, Philadelphia, Pa. — New York • Chicago • St. Louis • Pittsburgh • Tacoma • Wyandotte.

Kryolith
THE NATURAL GREENLAND CRYOLITE

**PENNSYLVANIA SALT
MANUFACTURING COMPANY**
Chemicals

WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau) —Don't get upset about industrial mobilization. At the outbreak of the war in Europe the Administration whooped it up. Plans were trotted out for examination on the apparent assumption that our entry was only a matter of months. But the Administration moved too fast and has had to back up. The President's offhand announcement this week that the War Resources Board, headed by Edward R. Stettinius, Jr., of U. S. Steel Corp., will report to him and disband in a week or two is, in part, recognition that industry will not be stampeded and that Washington had better calm down.

Call for New Deal

HOWEVER, there's more to it than that—specifically some shenanigans by the New Deal's left wing.

Assistant War Secretary, Louis Johnson, whose own enthusiasm is partly responsible for the reaction in Washington, included no representative of labor on his War Resources Board. The reason seems obvious from its assignment but the lack gave a pretext for loud protests to the White House by the Corcoran-Cohen crowd, which has ambitions and concrete plans for using the emergency to put a ring in industry's nose. The left wingers were not consulted about the War Resources Board and they were hot about it.

Capitalizing a Fight

PART OF THE NEW DEALERS' STRATEGY is to advertise the alleged dogfight between Asst. Sec. Johnson and Sec. Woodring in the hope that Johnson will be thrown

out on his ear. They would like to put their own man in the post which carries the statutory authority and responsibility for planning industrial mobilization for war.

Their attitude toward the job is revealed in the currency given to the name of Maury Maverick, Mayor of San Antonio and former leader of the left wing in the House, as prospective industrial mobilizer. Incidentally, the military, which can't talk—unlike business, which can—is afraid of being pushed around by the New Deal.

Mobilization Plan

SO FAR, the industrial mobilization plan, which the Stettinius group is now reviewing, is not a New Deal product. It is the work of the army and navy Munitions Board during 10 years prior to 1933, when it was first put in print. No substantial changes have been made in subsequent revisions. The plan provides for complete regimentation of industry in wartime.

It would be hard to imagine any scheme of nationalized economy that could be more comprehensive but it rests on the basis that the industrial machine can be operated effectively only by utilizing the brains, experience, technique, equipment, and industrial engineering which are responsible for efficient industrial operations in peacetime.

What It Doesn't Do

THERE ARE SEVERAL THINGS which the industrial mobilization plan does not propose:

(1) Putting wartime controls in the hands of existing agencies such as the Federal Power Commission, the National Labor Relations Board, and others which

have pushed business around in recent years. But business must accept the fact that these agencies will be utilized by the superior emergency administrations created in wartime to direct the flow of production, labor, money.

(2) Setting up government plants in competition with industry for the manufacture of war needs.

Military Job

THERE IS NO ASSURANCE that the left wingers will not influence the President but if the time comes to put the force of law behind projected wartime controls, Congress will be disposed to put its reliance in the military rather than in the New Deal agencies. Industry can trust the military to deal fairly and, finally, it has to assume that, as Commander-in-Chief, the President will rise above other considerations.

Surprise for Johnson

LOUIS JOHNSON was caught short by the President's decision to disband the War Resources Board. In the copy of a speech scheduled for delivery Sept. 29 he reported, with satisfaction, the establishment of the board as a significant step in industrial mobilization. His obvious assumption was that it would be permanent and, in the event of war, become, as he announced when it was appointed, the War Resources Administration visualized in the industrial mobilization plan.

Doubts About Stamp Plan

FEDERAL SURPLUS COMMODITIES CORP. has its fingers crossed on two angles of its blue stamp plan of surplus food distribution. One is free distribution of stamps to low income people not on

A Choice for Republicans

If you are a Republican and opposed to repeal of the arms embargo, Vandenberg is your man. If you are a Republican and in favor of repeal of the arms embargo, Taft is your man. Europe's war has played hob with party politics. You can't make a clean-cut issue of the best way to keep out of war, because that's every candidate's stand and everybody's desire. Good New Dealers insist that the war assures a third term for Roosevelt, but today, only nine months away from the nominating conventions, neither man nor Mars can pick the next president.



Harris & Ewing



Underwood & Underwood

MODERNIZED HEATING CUTS STEAM COSTS ON LEXINGTON AVE.

**Webster Moderator System Heats
16-Story Office Building of
Large Eastern Railroad**

COSTLY CHANGES ARE AVOIDED

**Contract Is Paid in Full After
Completion of Two Year Study
of Steam Heating Results**

ENDS HEATING DIFFICULTIES

New York, N. Y.—When the real estate division of a large Eastern Railroad acquired a 16-story property on Lexington Avenue, there were certain unsatisfactory features in the heating of this building.

The principal difficulty lay in the fact that the vertical risers supplying steam to the heating system were small. The cost of correcting this condition in the normal way by installing new, larger risers would have been extremely expensive.

After considerable study of the problem, the Building Management decided that a Webster Moderator System would end their heating difficulties without costly changes in the original heating installation. It was agreed that payment for Webster equipment and service would be realized out of the steam savings effected.

In two years, the success of the installation was established and shortly after the contract was paid in full.

With the Webster Moderator System this large New York building receives satisfactory heating with comfortable temperatures and minimum steam consumption.

LOW HEATING COST

GET THIS BOOK... Read the fact stories about economy and comfort in the heating of 144 buildings. No exaggerated claims. No promises. Just 64 pages of heating results. Ask for "Performance Facts."

WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Representatives in 65 principal U. S. Cities—Est. 1888



466 Lexington Avenue
Building, New York

relief. The other is operation of the relief plan on a county-wide basis. Both are being tried out in Oklahoma. Officials are worried by possible top-heavy administrative costs in handling low income groups that are not classified and regimented as are reliefers; also by the difficulty of distributing stamps over the wide rural areas through which reliefers are scattered.

Still Watching Prices

BIG TALK by Administration orators about what can be done to stop excessive price increases has subsided as prices have sloughed off, but quiet talk goes on in inner councils. Thoroughly alarmed by Roosevelt's drastic sugar action, the food industry got together with Sec. Wallace and the President and promised to be good.

Thurman Arnold's suggestion that consumers' counsel, Don Montgomery of the Agricultural Adjustment Administration, be made the clearing house for consumer complaints of all types of price increases is still being mulled over. Montgomery is willing, if not anxious, but says he believes in a two-way clearing house, would have consumers informed when price increases are just normal. Consumers should hold their fire for unjustified increases, he believes.

The Navy's Tungsten

DON'T BE TOO QUICK TO BLAME the navy for buying 17,250 short ton units of tungsten ore in Nevada when it might have got Chinese ore, representing a net addition to our military reserve, at a much lower price.

The navy explains that it accepted the bid of the Nevada-Massachusetts Co. under the "Buy American" law, which gives certain advantages to domestic producers. Other pertinent facts are that an appropriation of \$500,000, most of which the navy will spend for the tungsten, was sponsored by Rep. Scrugham of Nevada. Mr. Scrugham is a member of House Appropriations subcommittee which passes on all navy appropriations.

Stockpile Warning

THE NAVY PURCHASE is outside the program under which \$10,000,000 was spent this year to create stockpiles of manganese, chromium, tungsten and tin. Press reports concerning the president's "warning" this week to those in a position to control export of such strategic materials may be misleading. Roosevelt himself wasn't clear on this, but his remarks seriously concern many industries because they refer not to the export of the raw materials, but to finished goods which include the materials in their manufacture.

As a large part of these exports is going to Britain and her allies, the government will be in no hurry to adopt embargo measures, but consideration is being given a proposal to prevent sapping of reserves

Landon Changes Mind

ALF LANDON intended, when he came to Washington, to get wholeheartedly behind Roosevelt on repeal of the arms embargo. He had written out a statement to that effect, and planned to make it public before he saw the President. Joe Martin, Republican House Leader, dissuaded him. Then, at the conference, Landon was irritated by Roosevelt's apparent desire to use him but not really consult, particularly when the President attempted to control publicity about the meeting. This led, later, to his demand that Roosevelt renounce a third term. Previous mentions of a third term had actually pleased the President. This one doesn't. He not only was furious, but had not thought of a good comeback when the press saw him the next day.

through manufactured exports. Under such a plan, replenishment would be a condition of sale.

Stepladder for Whisky

THE FEDERAL ALCOHOL ADMINISTRATION now favors a ban on the sale of immature domestic liquor. Scotch must be three years old, Canadian must be two years old before it can be sold as whisky. Ever since stocks of domestic got to the point where similar restrictions were feasible, most of the industry has favored them, partly to establish quality standards but largely to stabilize bulk whisky prices.

"Escalator Law"

ADMINISTRATOR ALEXANDER now favors an escalator law, first restricting sales of whisky less than six months old and jumping at six-month intervals until the minimum age agreed upon is reached. Big distillers see no reason for the stepladder procedure, point to the rapid decline in sale of young whisky in the face of mounting supplies of older whisky. Whisky now must be two years old before it can be labeled as "straight" whisky, but even one-day old stuff can be bottled and sold as whisky under present regulations.

More Power for Ickes?

DO NOT DISCOUNT entirely the rumor that that all federal electricity-producing and utility and fuel regulating agencies are to be consolidated in one body headed by Sec. Ickes. This would include everything from TVA's power system and the Federal Power Commission to the Bituminous Coal Commission and a still hypothetical oil-regulating body.

Don't forget that Ickes now controls Boulder Dam, Bonneville Dam, the other big power-producing reclamation dams and is also boss of the coal commission; that Slattery, newly appointed head of

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Rural Electrification, is an Ickes man and that consolidated control of the country's power resources is urged in a recent report of the National Resources Planning Board—of which Ickes is chairman.

Andrews' Clean-Up

FAILURE IN ENFORCEMENT of the wage-hour law is primarily responsible for Administrator Andrews' imminent retirement. John L. Lewis and Sidney Hillman are credited with the coup de grace. Andrews' heart is with labor and against it's exploitation, but his even-mindedness has made slow going of enforcement. This, coupled with lack of funds and practical insubordination in his staff, pulled him down. Major Phil Fleming has been picked as Andrews' successor on his record for cleaning up other messes in the Administration. He is credited with far more executive capacity than Andrews.

Practicing for M-Day

LOOK FOR MORE "educational" war orders "any day now." Totaling \$14,250,000, such orders will call for machine guns, automatic pistols, air bombs, fuses for bombs and for artillery, fire control instruments, pyrotechnic items (signals, etc.), shell machining and shell forging. More items will be added as soon as Congress adds to the \$34,500,000 already authorized for the program.

The plan would provide, in each case, for the installation of a skeleton production line, testing, and preparation of a production schedule which can be set in motion if and when M-Day arrives.

Reading Congress' Mind

FEDERAL TRADE COMMISSION has shown how to take an ambiguous law, read into it what it thinks Congress intended and come out on top with an apparently unassailable court approval. The federal circuit court decision at Philadelphia upholding in every detail FTC's order which prohibits A. & P. from buying net or accepting discounts in lieu of brokerage, is the most sweeping of three circuit court decisions so far sustaining the brokerage section of the Robinson-Patman Act. Thus armed, FTC is expected to move on cooperative food buying groups which are still accepting brokerage, unless these voluntarily abandon the practice.

Censors Go Slow

CABLE, RADIOTELEGRAPH, and radio telephone communication with Europe is to be carried on with a minimum of government supervision. There is no intention of restricting the use of code and the State Department may, in fact, urge England to relax its ban on code traffic from here.

However, plans are being perfected against the time when restrictions may become necessary. Meanwhile, the FCC will sternly punish violators of its rules: The communications and broadcasting companies.



Industry needs more assurance in buying than price alone . . .

- It is perhaps significant that so large a percentage of American Chain & Cable products move from the maker to the user with so little discussion of price.

This may be due to the Company's good fortune in winning and holding the confidence of careful, analytical buyers.

To the Company's customers the deeper meaning of "In Business for Your Safety" includes many definite assurances against personal risks and business hazards.

Prevention of accidents is one. But the Company's 137 products, from Weed Tire Chains to Tru-Lay Preformed Wire Rope and other ACCO Quality Products, provide "safety" in additional forms. Among them are dependable delivery—reduction of breakdowns and delays—maintenance of production schedules—security of the investment.

On such a foundation the American Chain & Cable Company will continue to build in the future—as it has in the past—for Good Will, Confidence, Permanence.

See our exhibit, Metals Building, New York World's Fair



AMERICAN CHAIN & CABLE COMPANY, Inc.

BRIDGEPORT • CONNECTICUT

AMERICAN CHAIN DIVISION • AMERICAN CABLE DIVISION • ANDREW C. CAMPBELL DIVISION • FORD CHAIN BLOCK DIVISION • HAZARD WIRE ROPE DIVISION • HIGHLAND IRON AND STEEL DIVISION
MANLEY MANUFACTURING DIVISION • OWEN SILENT SPRING COMPANY, INC. • PAGE STEEL AND WIRE DIVISION • READING-PRATT & CADY DIVISION • READING STEEL CASTING DIVISION • WRIGHT MANUFACTURING DIVISION • IN CANADA: DOMINION CHAIN COMPANY, LTD. • IN ENGLAND: BRITISH WIRE PRODUCTS, LTD. • THE PARSONS CHAIN COMPANY, LTD. *In Business for Your Safety*



FROM THE NOTE BOOK OF A PROFIT ENGINEER



PICTURE OF SAVING \$3,000

BY *Profit Engineering*

TWO milling machines, working on large air compressor cylinders, saved \$3000 the first 11 months . . . and keep on doing it. On the original investment, this is a 12% dividend, far higher than an ordinary investment.

Such cases are common where "Profit Engineering" has applied modern machines and methods.

If you'd like to look around your plant for similar opportunities, your machinery builders will help you find them. And Westinghouse will carry the modern idea to the final stage, by applying electrical equipment matched to the performance of your new machines. Westinghouse Electric & Manufacturing Company, East Pittsburgh, Penna.

Business — air compressor manufacturer
Machine — modern milling machine
Part — cylinder block
Operation — milling
Savings, first 11 months — \$3,000
Net dividend rate — 12% per year



WHAT IS A "PROFIT ENGINEER"?

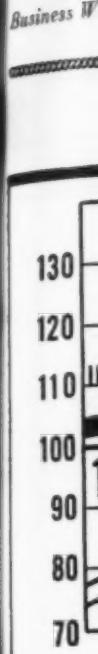
He is a man with the ability to find ways of doing a job better, quicker, or cheaper. He may be someone in your own organization—or a salesman calling on you. Or—he may be an executive who knows a good idea when he sees it—and who provides authority and means to turn the idea into a profitable investment.

Are you a PROFIT ENGINEER?

J-94163

Westinghouse

ELECTRICAL PARTNER OF INDUSTRY



THE INDUSTRY

PRODUCTS

- ★ Steel Ing.
- ★ Automobile
- ★ Residential
- ★ Engineering
- ★ Electric P.
- Crude Oil
- Bituminous

TRADE

- ★ Miscellane
- ★ All Other
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- Copper C
- Wheat C
- Sugar (r
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- Wool Top
- Rubber C

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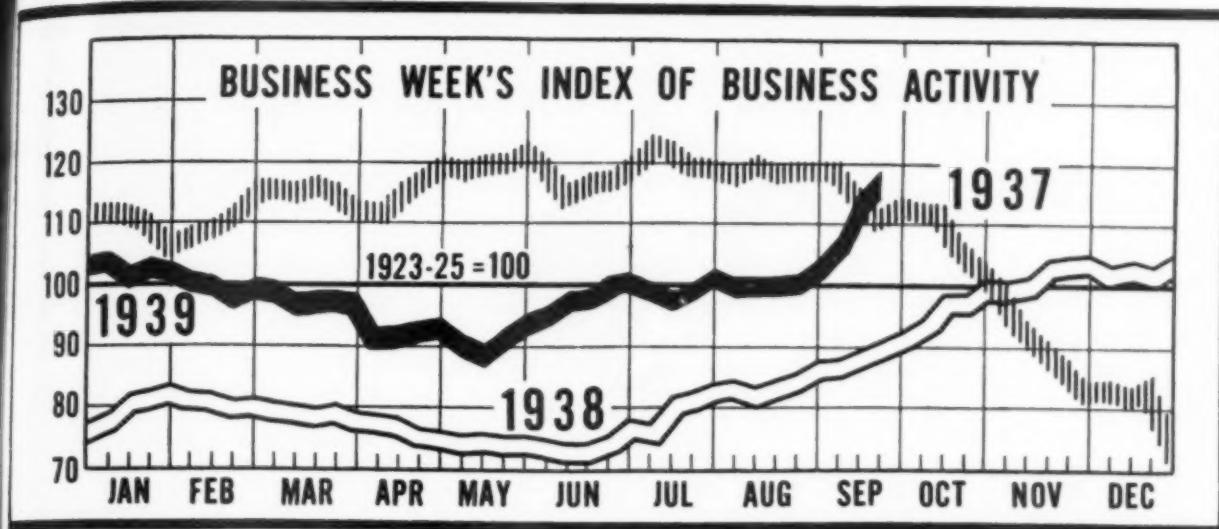
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THE FIGURES OF THE WEEK

THE INDEX ···
PRODUCTION

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
★Steel Ingot Operations (% of capacity).....	83.8	79.3	63.0	56.1	46.7
★Automobile Production	53,950	41,245	17,465	89,400	20,390
★Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$4,925	\$4,919	\$4,407	\$3,655	\$3,722
★Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$9,102	+\$10,123	\$10,989	\$8,332	\$10,326
★Electric Power Output (million kilowatt-hours).....	2,449	2,444	2,355	2,199	2,154
Crude Oil (daily average, 1,000 bbls.).....	3,681	3,422	1,691	3,382	3,251
Bituminous Coal (daily average, 1,000 tons).....	1,483	+\$1,535	1,236	1,278	1,236

TRADE

★Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	80	77	69	66	70
★All Other Carloadings (daily average, 1,000 cars).....	54	50	44	33	40
Check Payments (outside N. Y. City, millions).....	\$4,687	\$4,256	\$3,812	\$4,181	\$4,263
Money in Circulation (Wednesday series, millions).....	\$7,236	\$7,235	\$7,098	\$6,758	\$6,552
Department Store Sales (change from same week of preceding year).....	None	+4%	+6%	+5%	-12%

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	171.8	169.5	140.9	142.0	143.8
Iron and Steel Composite (Steel, ton).....	\$37.16	\$36.78	\$35.98	\$36.42	\$36.44
Scrap Steel Composites (Iron Age, ton).....	\$21.67	\$19.25	\$15.62	\$15.29	\$14.25
Copper (electrolytic, Connecticut Valley, lb.).....	12,000¢	12,000¢	10,500¢	11,250¢	10,375¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.86	\$0.86	\$0.67	\$0.68	\$0.66
Sugar (raw, delivered New York, lb.).....	3.64¢	3.88¢	2.91¢	2.87¢	3.03¢
Cotton (middling, New York, lb.).....	9.20¢	9.25¢	8.95¢	8.90¢	8.25¢
Wool Tops (New York, lb.).....	\$1.297	\$1.245	\$0.858	\$0.846	\$0.811
Rubber (ribbed smoked sheets, New York, lb.).....	21.27¢	22.13¢	16.73¢	16.09¢	15.86¢

FINANCE

Corporate Bond Yield (Standard Statistics, 45 issues).....	5.75%	5.81%	5.81%	5.63%	6.09%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.74%	2.64%	2.27%	2.34%	2.58%
U. S. Treasury 3-to-5 year Note Yield.....	1.09%	1.12%	0.53%	0.52%	0.65%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1/2-1% 1/2-1% 1/2-1% 1/2-1% 1/2-1%	1/2-1% 1/2-1% 1/2-1% 1/2-1% 1/2-1%	1/2-1% 1/2-1% 1/2-1% 1/2-1% 1/2-1%	1/2-1% 1/2-1% 1/2-1% 1/2-1% 1/2-1%	1/2-1% 1/2-1% 1/2-1% 1/2-1% 1/2-1%
Business Failures (Dun & Bradstreet, number).....	162	193	221	301	201

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	18,175	18,288	17,835	15,976	15,288
Total Loans and Investments, reporting member banks.....	22,339	22,389	22,340	21,742	21,265
Commercial and Agricultural Loans, reporting member banks.....	4,201	4,159	3,938	3,805	3,889
Securities Loans, reporting member banks.....	1,042	1,081	1,157	1,324	1,236
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	10,658	10,711	10,807	10,274	9,803
Other Securities Held, reporting member banks.....	3,362	3,363	3,355	3,259	3,208
Excess Reserves, all member banks (Wednesday series).....	5,280	5,270	4,740	3,364	2,744
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,883	2,873	2,441	2,573	2,596

STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	127.2	126.5	108.3	116.3	113.6
20 Railroads, Price Index (Standard Statistics).....	34.9	32.7	25.9	29.7	24.8
20 Utilities, Price Index (Standard Statistics).....	68.1	67.8	67.6	67.4	54.4
90 Stocks, Price Index (Standard Statistics).....	103.4	102.5	89.1	95.0	90.0
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	1,679	+\$1,690	761	659	1,010

*Factor in Business Week Index. *Preliminary, week ended Sept. 23rd. †Revised. #Date for "Latest Week" on each series on request.



SIX-CYLINDER CARS HAVE EIGHT-CYLINDER WHEELS

Six sizable pistons make the car go.

Eight small ones, like the picture, stop it. Two on each wheel, they work the brakes at the touch of your foot.

The pistons in the engine are Aluminum, on most cars, because they *increase* operating performance and economy.

Brake pistons are Alcoa Aluminum, too, because they *decrease* first cost, per piston, cash money.

Aluminum resists the corrosion of the brake fluid, but so do other metals.

The alloys of Alcoa Aluminum are strong, but so are other metals.

Point is that using alloys of Alcoa Aluminum is

often *the* low-cost way to get precise parts that have guts. These finished brake pistons go into your car cheaper in Alcoa Aluminum than in any other metal which would work just as well.

If this be treason to your cherished ideas about the cost of Aluminum, make the most of it.

Some of these brake pistons are Die Cast. Others are made by a very interesting and fertile Pressing technique. Both processes have a record of doing things to first costs which literally have a lot of production men by the ears.

A hint that you would like to look-see would entail no obligation. Aluminum Company of America, 2104 Gulf Building, Pittsburgh, Pennsylvania.



ALCOA · ALUMINUM

BUSINESS WEEK

September 30, 1939

THE BUSINESS OUTLOOK

Expectation of foreign orders still main basis for upsurge, and momentum could carry through quarter. Much depends on exports increasing as expected. Otherwise, business will have to lift self by bootstraps.

BUSINESS CONTINUES to climb. Steel production this week jumped to 83% of capacity. It's gone up 20 points in four weeks, and mills, which had seen better days, are being brought back from pasture. Automobile production has pushed past the 50,000-cars-a-week marks, and from now on will tend to rise rapidly, notwithstanding strike slow-downs in parts plants. For the second consecutive week electric power output has advanced to an all-time high. And though carloadings are still 20% under the 1929 heyday, they are sufficiently bulky to send the railroads into the equipment market on a large scale (page 16).

And Then the Explosion

The upsurge in industrial activity has been so broad and so rapid that descriptive words to convey its breadth and its magnitude are hard to find. Business moved along slowly, steadily—around 100 in the BUSINESS WEEK index for three months, from June through August. The pattern was the customary one. First non-durable goods production—textiles, clothing, shoes—advanced; later the heavier goods came into action. And then—suddenly, explosively—the index in four weeks advanced 18 points.

Still Prices Go Up

What's more, the rise is not completed. What had been an orderly, orthodox recovery has turned into a scramble for goods and commodities. Though the advance in raw material prices has been checked, sporadic boosts in prices of finished and semi-finished goods persist. Steel scrap is still going up, the Lukens Steel Co. has raised the price of plates \$5 a ton, and leading worsted manufacturers have advanced their lines another 10 to 20¢ per yd.—the third markup (in all 30%) since the war began.

As yet, however, there is no tangible evidence of substantial buying of American foodstuffs, or semi-finished or finished goods by foreign countries. Canada, it's true, has bought some new and some used machine tools; France has established a buying office here. But inquiries have not yet reached the dotted

line stage. So it looks as if the American business upsurge was partly a case of auto-intoxication. There has been such a great deal of anticipation of foreign business that hasn't come, that it's wise now, before it's too late, to take stock of the longer-term prospects.

"Sellers'" Market

WHEN THE LUKENS STEEL Co., of Coatesville, Pa., jumped finished steel prices \$5 a ton this week, the game of following the leader—United States Steel—was broken up. The big steel corporation, followed by Bethlehem and others, had previously announced that it would maintain current quotations through the third quarter. But Lukens, because of the sharp advance in scrap prices (*BW*—Sep 23'39, p13), decided to buck the quotations set by the leaders in order to cover increased costs of production.

So, the situation in the steel industry today is that there are two sets of prices. Anybody needing plates can order from any of the big companies at prices \$5 a ton less than Lukens—provided the delivery is made in the next three months. Lukens, of course, was able to advance the price above prevailing levels because it's once again a sellers' market in steel. And Lukens probably will get business because so many companies are booked to capacity and are not taking orders from any but their best customers. Incidentally, steel consumers are urging that prices for the first quarter of 1940 be set now, so as to provide an indicator of steel costs for next year.

It seems reasonable to expect that industrial activity will continue on its current momentum for some time. The BUSINESS WEEK index might easily average 115 to 120 from October through

December, which would mean that operations all along the line would be up nearly 20% from what they were a month ago; it would mean also increased employment, increased consumption of inventories, increased purchasing power. But it is quite conceivable that along about December or January—or even a bit before—a good many manufacturers and wholesalers may discover that their sellers' eyes were bigger than their buyers' stomachs. The current expansive mood of business men would change to a contractive mood. Purchasing would be curtailed, inventories would be reduced, and business—naturally—would tend to decline. But of course there's an "if" in this prospect.

Export Question Mark

It depends on export business. If foreign buying comes through as soon as expected—say late this year or early next—it might well change the pattern suggested above and check the decline. It is simply a matter of how soon Great Britain and France need American armaments and foodstuffs—and it's wise, in this connection, to recall that the Allies are much better prepared with stockpiles this time than they were in 1914.

In looking over the steel situation here, British purchasing agents recently refused to buy at higher than the new prevailing levels. That in itself clearly indicates that there is no feverish urgency to get supplies and it also intimates that perhaps there has been undue optimism over near-term foreign demands.

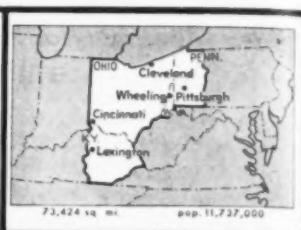
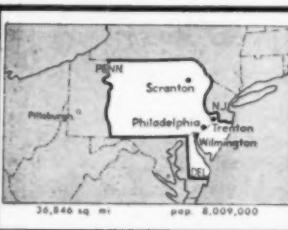
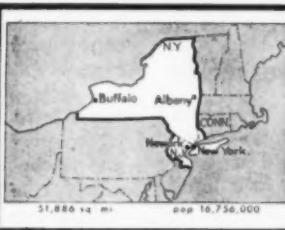
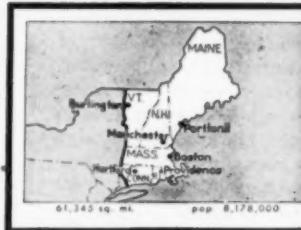
But Not Too Bearish

And there's another consideration before becoming too bearish. At current levels of activity, the nation's industrial plant is by no means excessive. The Republic Steel Corp. has appropriated \$3,000,000 for an improvement program, the Philadelphia Electric is installing a \$7,000,000 generating unit, steel mills (as stated above) are drawing on obsolete plants. Here and there are suggestions of shortages, which could easily develop into a significant demand for new plant and equipment. Not only is that the next logical and orthodox turn in the business prospect, but it would tend nicely to offset the non-appearance of foreign orders. But it's not a contingency to bank on—merely one to bear in mind.

The Regional Business Outlook—Quarterly Summary

As BUSINESS ENTERS the last three months of 1939, industrial production and payrolls are at the highest level since 1937, but agricultural income is far below that year's high. Now—as a direct result of the recent commodity price rise—farm income prospects are improved, and the outlook for the nation's overall purchasing power is the best for any final quarter in a decade. For the first seven months of 1939, the country's purchasing power ratio was 103.1—that is, national income paid out to ultimate consumers was 3% ahead of the corresponding

period of 1938. This purchasing ratio not only shows the accumulation of purchasing power relative to last year, but also serves to indicate the cushion of ultimate consumer buying power underlying current levels of production. But the impact of this year's upturn varies from region to region in highly industrialized Federal Reserve districts (like New England or Cleveland) it's higher than in rural sections (like Kansas City and Dallas). Differences and trends in each of the country's 12 business areas are summarized below.



Purchasing Power Ratio: 106.3

Basis of this area's current excellent income ratio is the comparatively high level of consumer goods production—cottons, woolens, shoes—followed by expanding employment and payrolls in metal and machinery trades. Fourth quarter prospects are good, but business here—because of the consumer goods accent—is not likely to move up as fast from now on as regions dominated by durable goods production.

Purchasing Power Ratio: 102.1

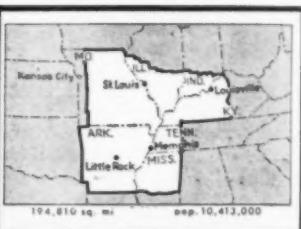
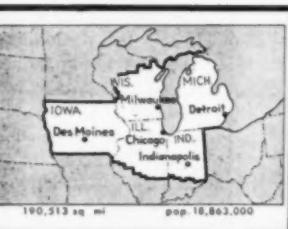
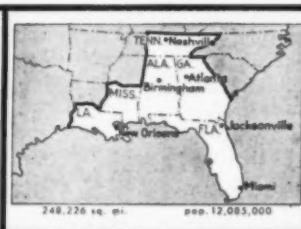
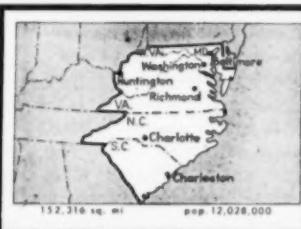
Consumer goods activity has been the chief sustaining influence on income in this highly diversified manufacturing region. But, unlike New England, the rise came late, because production here centers on finished articles—dresses, clothes, etc. War has upset import and export trade, and despite the Wall St. upturn, business is likely to improve only moderately the rest of the year, but should maintain its relative position.

Purchasing Power Ratio: 103.0

So far this year, activity in this diversified manufacturing region has followed closely the national pattern. Consumer goods rose first, followed by durable goods. Now, payrolls and employment in steel, shipbuilding, and railroad equipment are outpacing the gains in the lighter goods industries—notably textiles—thereby providing a momentum which lifts fourth quarter income prospects above the general average.

Purchasing Power Ratio: 104.9

Following the bituminous coal strike this spring, business in this high-ranking heavy goods area picked up sharply, as steel, auto accessory, and industrial machinery production expanded during the summer. The outbreak of war has imparted new impetus to business, and further expansion in purchasing power is certain. Outstripping the country in gains—as well as losses—is a favorite custom here.



Purchasing Power Ratio: 102.6

Small Carolina crop receipts early this year offset substantial gains in all manufacturing lines—particularly textiles—and pulled this region's purchasing power index down. Currently, manufacturing payrolls are expanding, but tobacco farm income is down sharply. Thus, negatives balance the positives, and the outlook is not entirely promising, indicating a smaller-than-average improvement in the purchasing power ratio.

Purchasing Power Ratio: 102.5

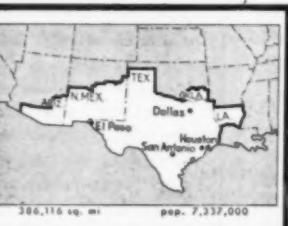
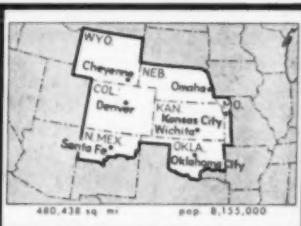
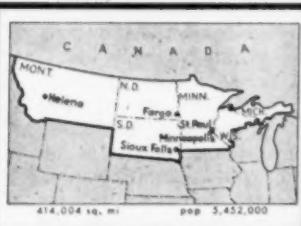
So far this year, agricultural income has been fairly evenly distributed, but payrolls have been spotty—high in the central two-thirds of this Reserve district (Alabama, Georgia, and Tennessee) and low on the fringes. In the coming quarter, a moderate rise in farm income and continued industrial expansion will tend to keep the purchasing power ratio hugging the average for the United States.

Purchasing Power Ratio: 105.5

Since midsummer, this Reserve district has come along with a rush. Automobile production was the primary sustaining influence early in the year, but lately, expansion in payrolls in the capital goods industries has been broad and swift. Farm income is improving as the result of the commodity rise, and the outlook for increased purchasing power here is about the best the country offers at the present time.

Purchasing Power Ratio: 102.8

Though bad spots may develop here and there, overall income in this highly diversified area usually moves with the nation's. For here there's varied agriculture from cotton to dairying; there's heavy and light manufacturing; there's oil, and there's coal mining. Right now the purchasing power ratio is close to the national average and it's not likely, in the next three months, to move far away.



Purchasing Power Ratio: 101.6

During the early part of this year, low prices offset this area's increase in agricultural marketing, and manufacturing—dominated by the food industries—improved but slightly. Receipts from dairy products and livestock will be up from now on, and payrolls will tend to expand. But even so, income in this region is apt to lag behind most of the highly industrialized districts of the country.

Purchasing Power Ratio: 100.5

A 40% increase in agricultural benefits barely managed to lift income in this region above the 1938 level. The advance in commodity prices swells marketing receipts, but unfortunately crops on hand are small. Livestock sales will be the main source of farm income during the rest of the year. Since industrial activity here is stable in character, no unusual rise in the purchasing power ratio is probable.

Purchasing Power Ratio: 99.2

This widespread Southwestern area shoulders the nation's only income loss of the year, but the outlook has changed in recent weeks. The cotton crop has improved, the price is up, oil conditions are better, and manufacturing operations are expanding. But for the balance of 1939—because this is an essentially stable agricultural section—gains are apt to be less marked than in other areas.

Purchasing Power Ratio: 101.7

This heterogeneous region has not realized its income potentialities this year, despite big gains in aviation, lumbering, and mining. Crux of the situation is canning. If the war starts a boom in this industry, then farm prices will rise, buying power will increase, and the products of local consumer goods factories again will be in demand. Otherwise, business will continue its present pace.

What Price Neutrality?

Bill now being considered would immediately cut volume of American trade, but business men weigh that loss against high cost of war.

WASHINGTON (Business Week Bureau) — To business, the neutrality resolution drafted by the Democratic bloc in the Senate Foreign Relations Committee embodies the belief that by curbing the growth of commercial and financial ties with belligerents we can reduce the possibility that the United States will be drawn into the war.

The neutrality bill is presumably impartial, but removal of the present embargo on arms does alter the situation—to Germany's disadvantage—by making munitions available to the Allies. Theoretically, they are equally available to Germany, but practically they won't be because of the British blockade. Enactment of the cash-and-carry plan on all exports to countries at war, the program which the Administration hopes to substitute for the embargo, affects Germany less vitally than the Allies—the blockade bars her from the American market.

Stringent Limitations

The limitations written into the cash-and-carry plan are stringent, and because the war is already on, industry is likely to feel their effects promptly, if and when the law is enacted. The resulting situation would contrast sharply with that in the United States before and during the World War, when the huge volume of goods bought on credit by the Allies were also carried to them in American ships.

Spirited debate on the Administration proposal—and the inevitable counter-proposals—is likely to make headlines for some time to come. And only the future can tell whether the restrictions that Congress finally adopts prove to be such a brake on war business that they will become in themselves another provocation to enter the war. The cost of neutrality is a factor not to be ignored, but business men to date seem to be disposed to weigh that price favorably against the cost of war—regimentation during the hostilities and the demoralization of industry following their conclusion.

Trade relationships, already dislocated by Europe's war, will be further disturbed by neutrality legislation. Its effects will be uneven. Point by point, the bill as first drafted in the Senate committee, provides for a cash-and-carry plan much more drastic than that which expired last May. The bill prohibits American vessels from carrying either freight or passengers to belligerent ports and applies fines and imprisonment for violation. Canada and Mexico (if they were to get

in the war) are excluded from this provision because it would be difficult to apply the restrictions to them. These states, in common with other American republics would gain a further exemption through Sec. 9 which provides that the law shall not apply to American nations engaged in a war with non-American states, if they are not waging that war in cooperation with other non-American states.

Trade Will Be Handicapped

The bill will not only cramp the flow of trade to Britain and her allies, but will also take American vessels off the trade lanes to India, Australia, South Africa and New Zealand, thus disrupting trade with those markets. By also prohibiting American vessels from plying waters which may be defined by the President as "combat areas" trade with neutrals may also be disturbed.

The Johnson Act prohibiting new loans to nations which have not paid their war debts is supplemented by a prohibition against extending to belligerents private credits in excess of 90 days. Intended to facilitate ordinary commercial transactions, the authorization of 90-day credit

will be of little use in the face of the bill's specific requirement that all right, title, and interest in goods sold to belligerents must pass to the purchaser at the point of shipment. This means that the shipper will be forced to take the entire risk if he sends the goods on credit, especially since the bill further provides that insurance written by American underwriters on cash-and-carry shipments shall not be deemed an American interest therein.

The 90-day commercial credits permitted by the bill, in the President's discretion, are not renewable, and he is required to report to Congress every six months on the volume of credits involved. The ban on long-term credits doesn't apply to renewal or adjustment of indebtedness antedating war proclamations.

Commercial Credit Regulations

The practical effect of the new neutrality bill is to limit the volume of our exports to belligerents to their cash purchasing power. Their immediate cash resources will float a considerable volume of trade in the commodities needed from this country, and their spot cash may be supplemented by liquidation of their investments in this country and by exporting gold and goods to this country. The impact of war conditions on export business will depend largely on the rapidity with which belligerents release their cash resources.

The bill proposes no restraint on the liquidation of foreign holdings. Apart from serious doubt of its legality such an attempt would bring on epidemic selling. Loans to neutrals as a possible source of



All Democratic members of the Senate Foreign Relations Committee, with the notable exception of Clark of Missouri, met this week to draft legislation for repeal of the arms embargo and establishment of

the cash-and-carry plan. They gave the President everything he asked for excepting that broad grant of discretionary authority. Thus, they neatly warded off further opposition from the self-styled peace bloc.

Wide World

financing belligerents is out, for such diversion could be readily uncovered. Purchase by Americans of the holdings of belligerents in other nations may supply some purchasing power, but it's more likely that such assets will be exchanged for goods in the country where the properties exist.

Although adopting and further sharpening the President's proposals the bill substantially ignores his suggestion that, for the most part, the application of its provisions can be left to his discretion. Otherwise friendly Democratic senators apparently took this course to forestall those who would oppose vesting greater authority in Roosevelt. This opposition gains strength from the realization that the President could—if given wide latitude in the neutrality law—gradually can mold a policy that would commit this country to war.

Carloading Rise Prods Rail Buying

Last month's 20% spurt, topping the 800,000-car level, forces roads to repair existing equipment, pushes them into the market for cars and engines.

THIS WEEK, THE RAILROADS of the country were hard at work tuning up their idle locomotives, switching reserve freight trains to main-line tracks, buying new equipment and repairing old, striving to handle the sharp upsurge in traffic resulting from the improvement in general business. Railroad purchasing agents immediately entered the market for new equipment and materials, and treasurers began counting a few chickens before

they were hatched. For, if business kept its pace, the Class 1 railroads of the country would be back in the black this year.

Behind this burst in activity was the abrupt jump in carloadings that took place two weeks ago. In the first eight months of this year, loadings inched forward from 530,850 cars to 688,591. Suddenly, in the week ended Sept. 16, loadings skyrocketed 20.7% over the preceding week.

Hit Unexpected High

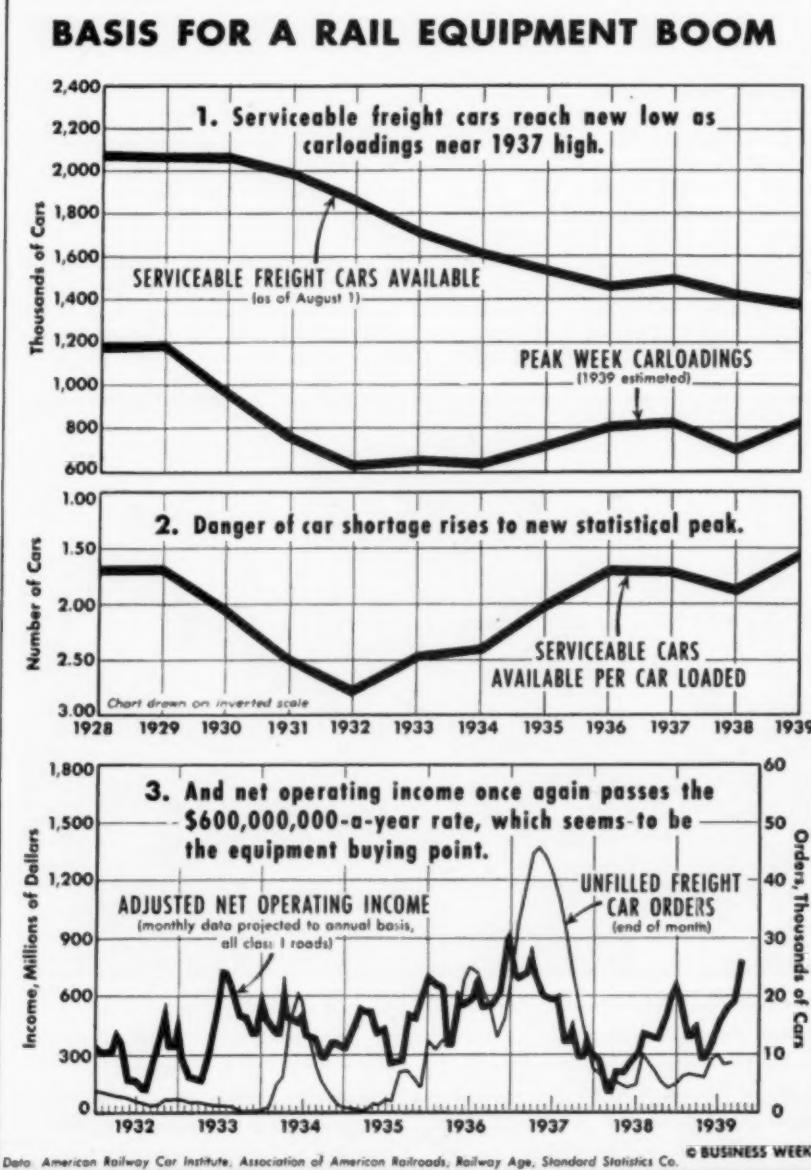
What made the gains unusual was not their wide percentage increase—the previous week was naturally depressed, due to the Labor Day holiday—but rather that they should hit—and surpass—the 800,000-car mark three weeks before it was expected they would. And in exceeding that 800,000-car level, they reached the highest point since Oct. 15, 1937. Last week and this, they gained still further, and bid fair to surpass the 850,000 mark in October, topping 1937's high of 847,000 cars.

The sharp rise was all the spark needed to touch off the buying fuse. Orders exploded upon equipment makers—orders for freight locomotives, switching engines, box cars, flat cars, hoppers, gondolas. Similarly, steel companies were deluged with inquiries for thousands of tons of rails. At the carriers' shops, they were hard pressed by the demand for rehabilitated freight cars.

Almost overnight, net operating income of the Class 1 carriers jumped from less than \$500,000,000 a year (which is below the breakeven point) to more than \$600,000,000, at which rate they can take care of their fixed charges and have something left for purchasing equipment (see chart).

RFC Will Lend to Railroads

Railroads unable to borrow money in the open market were assured by Jesse Jones that RFC funds would be available. The other week, Mr. Jones announced that a number of roads had arranged to buy \$125,000,000 of equipment within the past 60 days and that they were contemplating the expenditure of an additional \$75,000,000 over the next six months for repairs to existing equipment. Programs announced by several large roads bore out his statement—\$8,000,000 for the Illinois Central, \$10,000,000 for the New York Central, \$17,000,000 for the Pennsylvania. Mr. Jones indicated that the RFC had verbally agreed to finance commitments of \$25,-



Aircraft Manufacturer—Typical Case



Acme

Activity at North American Aviation's Inglewood, Calif. plant is indicative of the boom in aircraft manufacture brought by government orders. In August, North American turned out 103 planes in

23 working days; as of Sept. 1, had a backlog of unfilled orders totalling \$32,000,000; now plans call for a 50% expansion of its factory floor space and including enlarged production facilities.

000,000 of several major roads, and that it was in position to advance \$100,000,000 more.

Some roads didn't need any RFC money. The Chesapeake & Ohio asked the Interstate Commerce Commission for permission to float an equipment trust certificate issue of \$4,200,000 for the purchase of 2,500 new freight cars. Pennsylvania this week invited bids for \$8,865,000 in equipment trust certificates to finance part of its \$17,000,000 program. And bankrupt roads like the Erie and Seaboard Air Line went to court to get permission to buy new equipment.

In addition, the carriers were pressing into service all locomotives and freight cars that previously lay idle, and were repairing those not in serviceable condition. The Association of American Railroads took great pains to point out that "there will be adequate railroad transportation in the United States for any increased business now in prospect." Further it said that the rails could immediately handle an increase in tonnage of 25%, and with repairs of equipment on hand, another 25%.

At the same time, however, the Association sent out emergency orders all along the line to expedite the return of freight trains and to speed up service, while in New York a meeting of 500 big shippers and rail executives was sched-

uled for next week to develop plans for avoiding any shortages in equipment.

On Sept. 1, there were 34,537 locomotives in serviceable condition, including 2,816 in storage, and 8,831 in shops or awaiting repair. A month earlier, 1,390,500 freight cars were in serviceable condition and 228,500 in bad order. And as the chart (page 16) indicates, the railroads will now have to be more efficient than ever before to handle the increase in loadings, for they have only 1.53 freight cars available to handle each carload in the peak week—the lowest on record.

May Get Out of Red

Increase in traffic is expected to pull the railroads out of the red. From a deficit of \$91,766,000 in the first six months, it is now estimated that the year will net a profit of \$50,000,000 for the Class 1 roads. This is reflected in the stock market. Since Aug. 31, while the Standard Statistics index of industrial stocks rose only 17.0% and that of utilities only 1.7%, railroad securities bounced up 35.9%. Similarly, in bonds, while the average of 60 issues advanced only 2.8%, twenty railroads bonds jumped 14.8%.

Railroad equipment shares on the stock exchange have begun to boom, and reorganization of financially debilitated roads is automatically made easier.

Rails Prepare a Feast

FOR RAILROAD EQUIPMENT manufacturers, the famine is over, the feast is on. Since war broke out, the nation's railroads have ordered 17 locomotives, more than 10,000 freight cars, and more than 60,000 tons of steel rails. Here's the record of orders and inquiries placed this month by leading roads:

Atlantic Coast Line: Ordered 8,500 tons of rails.

B.&O.: Inquired for 2,000 freight cars.

Bessemer & Lake Erie: Inquired for 2,000 freight cars.

Boston & Maine: Ordered 1 locomotive.

C.&O.: Ordered 2,500 freight cars, 32,000 tons of steel.

Delaware & Hudson: Ordered 1,000 freight cars.

Detroit, Toledo & Ironton: Ordered 2 locomotives, inquired for 15 to 25 freight cars.

Elgin, Joliet & Eastern: Inquired for 1,500 freight cars.

Erie: Ordered 1,500 freight cars, inquired for 7 diesel locomotives.

Illinois Central: Ordered 2,500 freight cars, 2,000 tons of rails, inquired for 10 locomotives.

Louisville & Nashville: Ordered 30,000 tons of rails.

New York Central: Ordered 5,000 tons of rails; program embraces \$10,000,000.

Nickel Plate: Ordered 7,000 tons of rails.

Norfolk & Western: Ordered 2,000 freight cars and materials for renewing 1,000 old cars.

Pennsylvania: Plans a \$17,000,000 program.

Pere Marquette: Ordered 3,000 tons of rails.

Rock Island: Inquired for 500 to 1,000 freight cars.

Seaboard Air Line: Ordered 7 locomotives and 8,500 tons of rails.

Tennessee Coal, Iron & Railroad Co.: Ordered 49 freight cars.

Union Pacific: Ordered 2,000 freight cars.

Virginian: Ordered 1,000 freight cars.

Wheeling & Lake Erie: Ordered 500 freight cars.

Wisconsin Central: Ordered 200 freight cars.

Youngstown & Northern: Inquired for 100 freight cars.

Oil Hearings Start

TNEC tactics changed by war picture; industry's "own story" gets secondary role.

SELECTED AS an industry of "major importance . . . ideally suited to develop a clear picture of the manner in which the economic system functions," oil went before the guns of the Temporary National Economic Committee this week to find that not only the personnel of the firing squad had been changed, but the caliber of its fowling pieces enlarged.

The "let-industry-tell-its-own-story" approach had been abandoned, or at least relegated to a place of unimportance, and even Sen. O'Mahoney, chairman of the monopoly committee discarded that fiction in his opening speech, which forecast the entire presentation (expected to continue another week at least).

The "Stars and Stripes Forever"

Observers thought they could hear the "Stars and Stripes Forever" as O'Mahoney read his opening statement. Excerpts:

" . . . The importance of the task is only emphasized, it is not minimized, by

the international situation. . . . The task of this committee with respect to prices becomes more important, if that were possible, as a result of the conflict in Europe . . . in national crises the products of the oil industry are absolutely essential and war makes a special demand for petroleum."

Most "non-industry" witnesses were equally emphatic on oil's importance at a time of national emergency, at the same time disparaging some of its peace-time practices.

Industry Defends Position

The "industry" witnesses presented by American Petroleum Institute (who were to have been the tell-your-own-story witnesses) defended the integrated scheme of operation. It has, they said, reduced the cost of petroleum and products to the public over the years since the industry became a part of the national picture and presented numerous graphs to prove their point.

What the committee may recommend by way of legislation for the oil industry is anybody's guess, but questions by its members and Justice Department lawyers fingering some of the new-size triggers indicate they have in mind:

(1) Disintegration, at least to the ex-

tent of making marketing operations of major companies "stand on their own feet."

(2) Pipeline divorce, which would eliminate alleged advantages pipeline-owning-and-shipping companies have over companies which ship by other forms of transportation.

(3) Federal control of production, so as to give "uniform" regulation to all fields in the country (geologists and engineers say each field requires different treatment).

(4) Federal declaration that the industry is a public utility, and should be regulated as such in peace or in war, or threat of war.

(5) Declaration that in time of national emergency, or "limited" emergency, the industry should be taken over and controlled from well to service station pump by the government, because of its importance to national defense.

Significantly, the Cole "oil subcommittee", scheduled to hold hearings before next session on Ike's bill (HR 7273) to place crude production under federal control, has decided not to begin its hearings until after TNEC has finished with the industry. It is the same committee which held lengthy hearings on the oil industry in 1934.

Shipbuilder—Another Typical Case



New York Daily News

The near-capacity production at the Federal Shipbuilding Corp. yards in Kearny, N. J. is a measure of the current boom in U. S. shipbuilding. Last year the United States Maritime Commission contracted for a total of 52 ships. Up to Sept. 17 this year, it had contracted for

only 41, but from mid-September to date it has ordered 26 more—making 119 in all, 67 this year. Having already passed the 50-ships-a-year goal for the Government program, the commission is due to boost the goal to 100 this year.

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International's 242 Company-owned branches with their factory-service facil-

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Minneapolis, 1939—Labor says it's one of the best unionized cities in the country. An Industries Council advises on collective bargaining agreements. Civic Council Head O. J. Arnold touches off a city celebration.

Labor Peace Won in Minneapolis

City centennial preparations emphasize success of employer front in developing labor relations program, contrasting with clashes of five years ago.

MINNEAPOLIS, big milling center of the Middle West, moved into the spotlight of labor interest this week, as the bigger of the Twin Cities rushed preparations for its Century Celebration, beginning Oct. 2. There was nothing splashy about the labor news from Minneapolis—no strikes, no work stoppages, no dramatic feuding between the A.F.L. and the C.I.O. On the contrary, all quiet on the Northwestern front was the keynote of the dispatches, as the Centennial news underlined the fact that labor peace rather than labor controversy is now the rule in Minneapolis.

Battles Fought Five Years Ago

Things were not always so. Five years ago, Minneapolis was nationally headlined as the center of bitter, bloody strikes. Business men went into 1934 battles with labor, as armed deputies. Union squads ranged through the streets, and violence was the order of the day. There were slippings, shootings, death.

Today's contrasting picture forces labor observers to conclude that Minneapolis "has something" in its plan of labor-and-management cooperation. The town is getting along well with collective bargaining, and a majority of firms are under union contracts. There are only a few (possibly 10%) closed-shop contracts, but labor claims that Minneapolis is one of the "best-unionized" cities in the country, and that upwards of 50,000

workers are covered by A.F.L. or C.I.O. agreements.

Smooth operation of negotiation and mediation is apparent in the record of the past 18 months: For the first half of 1938 there were 31 strikes involving 6,920 workers and estimated wage losses of \$365,754; for the first half of 1939 the record shows 8 strikes involving 1,463

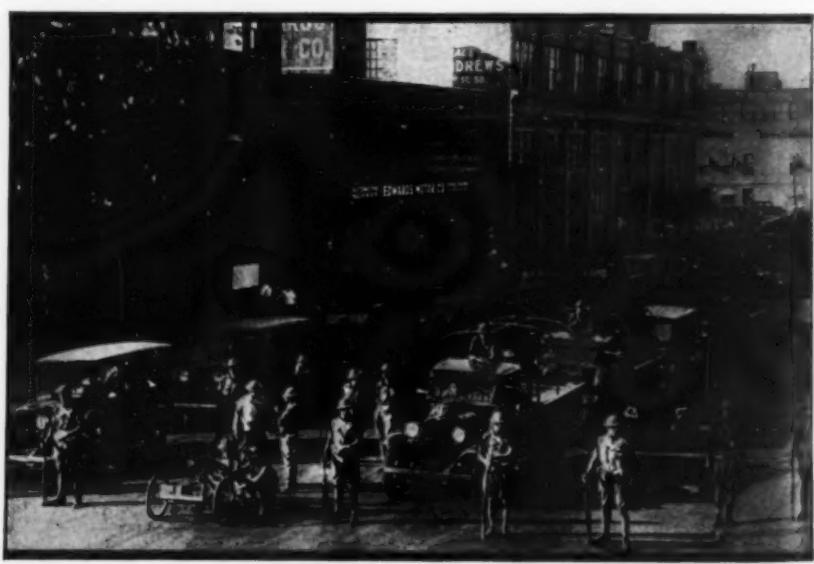
employees and \$17,742 in lost wages.

Responsible for the change, in large part, is a well-integrated "employer front" which has an expert division to advise and assist on labor relations. This division is called the Industries Council, and is about two years old (antedating similar setups in San Francisco and Des Moines, to which it lent advice). The council is a part of Associated Industries, which in turn is a member of the Minneapolis Civic Council. This latter council is the group which sponsors the coming Century Celebration (see box, page 23) and it also acts as fund-collector and coordinating agent for five other civic groups: Hennepin County Safety Council, Better Business Bureau, Minneapolis Civic & Commerce Association, Hennepin County Good Roads Association, and Minneapolis Taxpayers Association.

Handles Civic Labor Relations

As may be judged by their names, each of the six members of the Civic Council has separate lines of endeavor to pursue; labor relations is the business of the Industries Council. It represents around 1,000 firms in 37 lines of industry, has acted as advisor in 266 collective-bargaining agreements, and has a record of successful adjustment in 122 other labor disputes.

Although much of the new-found peace can be logically held to follow the use of more enlightened employer tactics, some Minneapolis labor leaders declare that the employers' master stroke came about when they gave support to Minnesota's four-month-old "anti-picketing" labor law. It is argued that the natural reluctance of labor to violate this law accounts for the big drop-off in 1939 strikes as compared with 1938 walkouts. The unions plan to drive hard to get the Minnesota restrictive law



Minneapolis, 1934—The center of a long-drawn out and bitter series of labor disputes. The National Guard is called out to patrol the city's streets.

60 Towns to Join Minneapolis in Century Celebration

ONE HUNDRED YEARS OLD and feeling pretty chipper, thank you, Minneapolis will play host to its great farm and trade area next week in a Century Celebration. Local business, sponsoring the festival through the Minneapolis Civic Council, sees it as a grand opportunity to show the thousands of expected visitors what private enterprise can do.

More than 60 towns outside Minneapolis will be represented, some with parade floats and costumed delegations; old-fashioned dress will be *de rigueur* during the week. All merchants with stores on busy Nicollet Ave. will have centennial window displays.

At least 100 major firms will fill the entire lower floor of the big municipal auditorium with exhibits, telling the

story of how each business grew, how much is invested in the enterprise, what taxes it pays, how big its payroll is, and where its product is distributed. No sales efforts or solicitation will be permitted, not even free samples. And the business show will cost spectators 25¢ apiece, "free shows" being suspect.

Upstairs the auditorium will house booths of civic organizations of all kinds. A.F.L. and C.I.O. will be represented, and several labor leaders are serving on one or another of the 17 directing committees.

Although small towns usually look askance at big cities' invitations, the Minneapolis show will stress recognition of what the big town owes the smaller ones.

repealed when the legislature next meets at the beginning of 1941, but in the meantime it is playing the game according to the rules.

Minneapolis couldn't be said to be safely "out of the woods" and immune to labor troubles, but the average employer is satisfied with the progress that has been made. Some complaints have been made that the Civic Council hasn't proceeded fast enough with a promised education of the general public on labor matters, through pamphlets and public discussion, but leaders of the "let's cooperate" movement have been cognizant of mistakes made in other cities, where employer-dominated public forums have roused labor suspicion and bred strife instead of understanding. Treading cautiously, the council has planned to begin the public threshing-out of civic problems during the coming fall.

How It Used to Be

The present status of labor relations in Minneapolis stands in sharp contrast not only to conditions as they were five years ago, but also to those which prevailed at the turn of the century. The city was known as a well-protected open-shop town 35 years ago, policed by a Citizens Alliance which the employers set up following the abortive flour-mill strikes of 1903. When the Alliance policies broke down under the weight of the 1934 riots, a pro-bargaining bloc of employers took charge within the Civic & Commerce Association (Minneapolis' chamber of commerce) and became a unifying force. Led by socially-minded D. D. Davis, president of big General Mills, Inc., and Dr. C. A. Prosser, nationally known authority on vocational education and head of Dunwoody Industrial Institute, this group pushed through the cooperative plan under which the major civic units joined forces in the Civic Council.

As the merger came, the old Citizens

Alliance went out of business and was succeeded by Associated Industries, which has stood for more liberal principles conforming in theory and practice with changed federal and state laws. The Civic & Commerce Association has been restricted to purely promotional activities, and has left to A.I.'s council the labor research, survey, advisory, and mediation work. After the council idea got under way, Davis withdrew from active participation and O. J. Arnold, head of Northwestern Life Insurance Co., now is president of the civic group. Allen H. Seed, Jr., a young public relations man from Toledo, is the executive vice-president.

The Civic Council has wide business support. An indication of this is the \$253,000 which it raised in contributions from 2,600 individuals and firms for this year's budget—more than the combined totals of the six member-groups when they were on their own. Although the civic agencies retain their own identity and manage their own affairs, the head council determines the jurisdictional limits for each one's activities and allocates the funds. Thus the business man has to make but one contribution to get service on roads, taxes, labor relations, and other business problems.

Chances for Permanency

Looking ahead, neutrals expect the test of permanence for the Minneapolis plan to come when the city-wide forum plan is trotted out. If labor and the public support this venture, there probably will be an end to the rumors which still are heard that "the Associated Industries' velvet glove conceals the iron hand of the old Alliance." Associated Industries' adherents assert that this remnant of opposition is founded upon ignorance of real accomplishments, an ignorance that public forum discussions will inevitably dissipate.

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Advertising must be understood, if it is to be used effectively by modern business.

Like a high-powered automobile, it is dangerous in the wrong hands.

Don't decide for or against it until you have consulted with an advertising agency. Perhaps they will surprise you by advising against.

Newell-Emmett COMPANY

Advertising Counsel

40 EAST 34th ST., NEW YORK

Seek Illinois Oil Law

Independents now out for proration, demanding action by special legislative session.

UNTIL VERY RECENTLY it looked as though Illinois would consistently reject any proposal for regulating its oil production, whether presented as proration or conservation. Last winter a joint legislative committee, with producers prompting it from the wings, reported oil regulation was inadvisable. Most big oil com-

panies have favored proration, but until a couple of weeks ago the independents always elbowed them aside and yelled for free enterprise. Nobody else cared much until the Illinois field passed 300,-000 bbl. daily production, almost 10% of all U. S. oil, and threatened to push Oklahoma out of third place among producing states.

Despite previous sentiment among independents for no regulation, it is the Independent Oil Producers Association of Illinois that has been holding big meetings at principal oilfield centers. Each meeting has cheered exhortations for an

oil conservation law. Other associations have pledged support. Petitions were last reported with more than 50,000 signatures urging Gov. Horner to call a special session of the legislature to act on oil problems. The heat is definitely on, and such a session is looked for in October.

Some bitter opposition to proration still exists, but Illinois sentiment has shifted definitely in favor of regulation. Nobody has any illusions about what brought the change of heart.

First came a nudge from the principal open-market buyer in the field. Sohio Corp. buys most of the oil produced by the little fellows, strongest opponents of proration. Sohio cut its price 20¢ a bbl., and when no other buyer met its cut, presently restored 10¢. But the threat showed independents what they might have ahead of them if the field's production keeps increasing.

Second, from Washington came something more than a nudge. Pres. Roosevelt and Sec. Ickes made some resounding remarks about the possibility of federal oil regulation because Illinois insisted on remaining lawless. This scared the rugged individualists. The associations began to get behind a state law as the choice of two evils. Major company influence was thrown behind the movement. Gov. Horner, previously credited with opposing regulation, is now reported to favor it. Legislators are proclaiming their eagerness to pass a law. The stampede is under way.

Claim Pipeline Proration

Opponents of the movement argue that proration by pipelines already fills the need. Inadequate pipeline capacity unquestionably holds many wells below their potential. But the geography of the situation is such that this is no great help to the Southwestern fields.

Illinois' 10% of national production happens to be the key 10%. This field is closest to the consuming market, with a transportation advantage of nearly 1¢ a gal. It is astride or alongside almost every pipeline built to bring Southwestern production to the Great Lakes or farther East. If the pipeline accepts Illinois oil, it has to refuse just that much oil back in Texas or Oklahoma or Kansas.

Catching at least its full share of blame for tearing down the national market with Illinois oil is Texas Co. It is the largest producer in the field. Moreover, when Illinois discovery wells came in, Texaco already had two refineries that could handle the flood. Its big plant is at Lawrenceville, the other at Lockport. So Texaco is sitting on a gold mine. Some critics claim that if a few major companies' low-cost Illinois gasoline were removed from the picture, the Middle West's bad retail markets would reform overnight.

Beyond argument, whatever happens to Illinois oil production now must determine conditions for the entire industry.

Business

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DAG
COLLOIDAL
GRAPHITE

SURVIVES FIRE . . .

... without losing its lubricating properties even at temperatures of 1800°F and upwards in ceramic and glass making machines; in conveyors and baking ovens, in die casting and permanent mold equipment.

"Dag" outlasts temperatures that burn petroleum oil, thus lubricants can be prepared by dispersing this product in fluids that quickly evaporate at the higher temperatures. Only a positive, clean lubricating film of pure "dag" colloidal graphite is left which becomes affixed to the bearing surfaces. "Dag" makes an ideal teammate for oil, as it takes over the load at the point beyond which plain lubricants fail.

A note on your letterhead will bring a production sample and Technical Bulletin 130 which tells how to use "dag" for high temperatures . . . you or your oil supplier can easily add "dag" to your present lube or to specially selected petroleum fluids.

ACHESON COLLOIDS CORPORATION
PORT HURON, MICHIGAN

DAG
COLLOIDAL GRAPHITE

Milk for the Needy

Dairy farmers will benefit by relief plan using surplus in Chicago area.

A QUARTER MILLION persons getting help from Chicago's relief administration are going to get more milk—and get it free. At the same time, dairy farmers in the Chicago area are going to sell more milk at better prices.

This program, upon which the Department of Agriculture and the Chicago relief administration had been working for some time prior to this week's announcement, extends to milk, for the first time, the idea of using surpluses for relief purposes. It doesn't involve the use of blue stamps, as in the case of other agricultural surplus products (*BW*—Aug 1939, p19) now given away in many cities, but it is designed to accomplish much the same purpose.

Call for Bids Comes Next

All formalities have been disposed of excepting a call for bids. Sec. Wallace, within the next few days, is to ask milk handlers in the Chicago area to submit bids on a basis of 5¢ a qt. for milk which the handlers will deliver to homes of relief recipients or 4¢ a qt. delivered to relief stations. The government will pay the milk handlers out of customs receipts earmarked to cover diversion of agricultural surpluses into relief channels, and the handlers in turn will pay farmers 3¢ a qt. for milk which is so used.

This program is made possible by the marketing agreement which recently was put through for the Chicago area (*BW*—Sep 2, 1939, p29). Only handlers participating in this marketing agreement are eligible to submit bids. Whether they get 5¢ a qt. for home delivery or 4¢ a qt. for relief station delivery, the farmer gets his 3¢ a qt.

The Farmer Compares Prices

Under the Chicago marketing agreement, the farmer gets anywhere from 3.3¢ to 3.8¢ a qt., depending on the season of the year, for milk which handlers are to sell as Class 1 or fluid milk. Thus the relief milk, at 3¢ a qt. would bring dairymen substantially less than fluid milk. On the other hand, the relief milk would bring in a good bit more than the approximate price of 2.3¢ a qt. which handlers are required to pay for the bottom class or condensery milk.

And, as the Department of Agriculture figures it out, all the milk sold in the 3¢ bracket would be so much velvet. The dairymen would continue to have his fluid milk market, and the market for surplus milk for other uses. And, incidentally, the free relief milk would be capped with a label forbidding resale so that it wouldn't chisel its way back onto the farmer's fluid milk market.



Surveying your hazards

To protect your person, property, home or business from financial losses consequent on today's hazards, consult your local Standard Accident agent. He's a competent insurance surveyor, able to approach your problem from every angle.

He represents a strong, alertly managed Casualty Insurance and Bonding Company, with 55 years' experience and an enviable record of prompt, equitable settlements.

You'll find the Standard Accident agent no fair-weather friend, but a tower of strength in time of illness; injury to person, employees, or the public; automobile accident; burglary; embezzlement; and similar mishaps.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

Coffee on the Townsend Plan



Florida got first look at an ingenious new merchandising scheme recently when J. H. Phifer, a Lake Worth Townsend Club member, started marketing a "Townsend Club" brand of coffee. Roasted and packed by a West Palm Beach firm, the coffee is sold through independent Florida

grocery stores for 25¢ a lb.—and 3¢ a lb. goes to Townsend national headquarters. Phifer gets distribution, and sales, for the coffee by touring Florida's Townsend Clubs. The Florida venture, naturally, has the full blessing of the national organization, which wants to see it spread.

LABOR & MANAGEMENT

INDUSTRIAL RELATIONS • PERSONNEL • EXECUTIVE POLICY

Hunt Skilled Workers

Government and industry weigh methods to meet shortage foreshadowed by war.

POTENTIAL SHORTAGES of skilled labor, and the consequent need for resumption of apprentice training which dwindled almost to nothing during depression years, are worrying war-conscious business, labor, and government. Although formal emergency plans still are not available, discussion of possible action was getting under way this week.

Individual employers don't want to spend money for training, and cannot afford to, when they *don't* need new men. They haven't time to do it when they *do* need them. Organized labor during slack years has seen no sense in training recruits "to take our jobs away from us" and in some quarters unions have restricted apprentice training while building up seniority demands.

Metal trades feel the need for replacement most strongly, and probably will be the first section of industry to begin paying overtime wages if capacity schedules are over-reached. At the beginning of

September, in fact, the Department of Labor statistics showed that machine tool makers were averaging 41.8 hours a week, which meant that some shops were already getting into overtime. Aviation is also pinched, and so is textile machinery. All the "war babies" are pushing schedules up to full time—iron and steel, machinery, meat packing, chemicals, oil, coal.

Ways to Meet Possible Shortages

As yet, however, there is no real shortage of skilled labor. If the war-time production boom picks up speed, there are steps which industry and government can take to meet the need for manpower, while training plans are being set up to meet specific needs. These steps are:

- Assumption of full-time working schedules. This is what is being done now. Thousands of men have been getting three or four days' work each week; many of them now will be on five- or six-day schedules. Textile manufacturers said last week, for instance, that they sold about four weeks' production during the first week in September. Asked if this meant that many men would be called back to work, they said no—it

War Spurs Labor Peace

BITTER ENEMIES for the past three years, the A.F.L. and the C.I.O. looked like two peas in the same pod this week as they got ready for national conventions which may be the most important in the history of American labor. A.F.L. meets in Cincinnati, beginning Oct. 2; C.I.O. in San Francisco on Oct. 10.

Both must prepare for resolutions to meet three major demands of the rank and file: (1) That action be taken to keep America out of war; (2) That labor be given representation on any war industries board; (3) That means be found for establishing an effective truce between C.I.O. and A.F.L. and for resuming peace talks broken off last March.

The Administration in Washington is waiting anxiously, and is ready to try a broad appeal to the rank and file to put the unification drive over if the top leaders are balky. The labor leaders know this, and want to avoid it if possible because public indignation can be easily roused if the unions insist on scrapping among themselves while cooperation is the order of war-menaced times.

Daniel Tobin of the A.F.L.'s teamsters and Sidney Hillman of the C.I.O.'s clothing workers have become the government's "white hopes" in the internal union battle for labor unity. If they succeed, it is just possible they may get the coveted posts on the war industries board. Hillman had been so ambitious in his inter-federation truce efforts that a break occurred between him and John L. Lewis. The rift within a rift was almost closed, however, by Lewis himself this week when he took three columns of the *CIO News* to advise all members to read George Soule's new biography of Hillman. Lewis praised Hillman as a great American and statesman.

Extension of the olive branch from both sides became a further probability when Matthew Woll, A.F.L. vice-president, announced that "unless there is an end to this conflict there may be an end to the labor movement." Such sentiments are echoed in many resolutions from both A.F.L. and C.I.O. regional and local groups.

Business will keep both ears open to hear what comes out of the conventions too, in the shape of formal resolutions dealing with wage-increases-on-war-profits. Both federations fear labor will be "left out" of the profit sharing unless vigilant.

AFTER THE BOSS USED THE PLANT WASHROOM...



HE saw that crowded, unsanitary conditions were causing unnecessary congestion and delay. He realized that flimsy towels and poorly arranged equipment meant extra time and supplies wasted.

In contrast, thousands of progressive organizations have found through actual experience that clean, comfortable washrooms provided with individual ScotTissue Towels reduce these hidden overhead costs.

Even more important, perhaps, such thoughtful consideration by management in protecting health and comfort rarely fails to show up in better work, more satisfied workers.

Have your Washrooms Surveyed

The Free Scott Washroom Advisory Service will suggest how to relieve congestion, reduce waste and overhead expense, and help create good will in plant and office washrooms. A Scott Washroom Survey will be made of your washrooms without obligation. Please write Scott Paper Company, Chester, Pa.



Copy, 1939, Scott Paper Co.

ScotTissue TOWELS
Reg. U. S. Pat. Off.
BY THE MAKERS OF SCOTTISSUE, WALDORF
AND SCOTTOWELS FOR HOME USE

meant that factories would put all their part-time men on full time. Maybe a few new jobs, but not many.

2. Payment of overtime. Many employers will prefer to pay highly skilled workers overtime, rather than to break in new men who may not be as good. During the boomlet of 1937, for example, the machine-tool centers of Detroit and Cleveland were averaging above 44 hours a week, which meant that some plants were paying overtime on 46- and 48-hour weeks.

3. Increased "mobility" of labor. This can be arranged if steady work is available. Southern California aviation plants have had difficulty in persuading unemployed or part-time skilled workers to come from New England—but could get them if long-term jobs were promised, and government paid the family fare. The Canadian government advances the fare to such migratory skilled workers, and the U. S. government is figuring on it.

4. New methods and new machines. When expansion of industry is indicated, increased mechanization and technological progress probably will allow partially-trained men to handle jobs which now demand fully-trained men. Apprentice training will not take so long—and each man will be turning out more production in terms of labor units.

Further than this, the government and industrial surveyors have not gone. But it is expected that joint councils of business and labor will come into being soon in many localities, to plan for the future.

Coast Shipping Truce

**At the deadline shippers
expect no tie-up, no final settle-
ment on new contract.**

PACIFIC COAST SHIPPING went its way this week, concerned but not desperately alarmed about the Sept. 30 expiration date for current employer-union contracts. Confidence prevailed that the deadline would pass without a tieup on the waterfront, even though no final settlement was reached on the new contracts.

As indicated in BUSINESS WEEK early this month (BW—Sep'39, p50), the hardening of public and business opinion against unnecessary labor disturbances together with war conditions has provided necessary pressure to push both sides of the maritime question into attempting a peaceful solution of issues.

After considerable pulling and hauling, Waterfront Employers' Association of the Pacific Coast and Harry Bridges' International Longshoremen's & Warehousemen's Union agreed last Saturday to resume negotiations, broken off last August, with the understanding that current contracts would be extended beyond their expiration date, Sept. 30, on a day-to-day

WE WENT OFF THE WASHROOM "DOUBLE STANDARD"



TOM works in the foundry; but when he steps into the washroom, he enjoys the same fresh, immaculate ScotTissue Towels the boss uses!

Everyone who works for you visits the washroom several times a day. What better place or easier way to start a practical industrial relations program?

Today's economical, well-planned washroom is equipped with plenty of toilets and basins, hot water, soap and sanitary, individual ScotTissue Towels.

Pleasant to use, "Soft-Weave" ScotTissue Towels prevent the spread of disease and reduce time lost through illness. Made of "Thirsty-Fibre" which drinks up every bit of moisture—each Scott Towel actually dries *dry*—that's why they go farther, *cost less per year*.

SCOTTISSUE, the identical safe, soft toilet paper preferred in more homes than any other, is available to large industrial users in Service-Roll form at surprisingly low cost.



Copy, 1939, Scott Paper Co.

ScotTissue TOWELS
Reg. U. S. Pat. Off.
BY THE MAKERS OF SCOTTISSUE, WALDORF
AND SCOTTOWELS FOR HOME USE

Now Standard Equipment on all Le Tourneau Machines

"FLEX-SET" PREFORMED YELLOW STRAND

After the most thorough tests and many careful field observations, R. G. Le Tourneau, Inc., determined to supply "Flex-Set" Preformed Yellow Strand Wire Rope with every one of their famous "cable controlled" machines leaving the factory.

Thus the greatest economy in operation is assured right from the start; for "Flex-Set" Preformed Yellow Strand is made of "improved" plow steel of highest quality, drawn to our own exacting specifications -- and 63 years' experience making nothing but wire rope has taught us what these specifications should be.

Preforming makes the rope limp and tractable -- easy to handle and install -- highly resistant to kinking -- amazingly durable.

Wherever tough jobs are to be done -- road building, general construction, logging, mining, quarrying, rotary drilling -- "Flex-Set" Preformed Yellow Strand is establishing wonderful economy records.

Ask any Distributor or Branch for details and prices. There's one in every industrial center.

BRODERICK & BASCOM ROPE CO., St. Louis

Factories: St. Louis, Seattle, Peoria
Branches: New York, Chicago, Seattle, Portland, Houston

X16



basis if negotiations had not borne fruit by that time.

Much credit for getting the two sides on speaking terms again goes to behind-the-scenes activity of Almon E. Roth, president of the San Francisco Employers' Council. As former head of the Waterfront Employers' Association, he is an old hand at dealing with Australian Harry. The two are on terms of mutual respect for each other's abilities as negotiators built up during nearly four years of day-to-day dealings, official and unofficial.

Roth's experience was of great aid to Dr. Louis Bloch, member of the National Maritime Labor Board, who has been in San Francisco for several weeks attempting to bring warring parties together. Dr. Bloch has been persona non grata to the waterfront employers who felt that he was attempting merely to build a record for the board before its lease on life expires next March. Dr. Bloch is sitting in on negotiations this week.

In Case Negotiations Founder

Incidentally, the board may yet have the entire matter thrown into its lap. If negotiations fail, the Administration is likely to bring pressure on Bridges to agree to arbitration of disputed points. The employers have been plugging for it right along; Bridges has fought shy of it.

Smooth, experienced F. P. Foisie, president of the Waterfront Employers' Association, is heading the employers' corps of negotiators. Bridges is his own negotiator with the advice of the veteran labor bargainer H. P. Melnikow, president of the Pacific Coast Labor Bureau (BW—Oct 9 '37, p46).

An uncertain factor in the long-time picture is Harry Lundeberg, head of the Sailors' Union of the Pacific, who is lying low these days but can be depended on, at the right moment, to frustrate Bridges' plans as much as possible. Lundeberg doesn't want a maritime tie-up this fall, however.

Fuel for NLRB Quiz

Congressmen collect data from employers and unions while counsel maps hearings.

PLANS FOR EXHAUSTIVE investigation of the National Labor Relations Board by the special committee of the House of Representatives are going right ahead despite the special session of Congress and the change in the legislative outlook brought about by the European War.

While Chairman Howard W. Smith of the investigating committee has not determined when public hearings will actually open, groundwork is now being laid by the committee's general counsel, Edmund M. Toland.

More than 60,000 questionnaires were recently sent to employers and union or-

ganizations throughout the nation. Smith and Toland expect early replies and a staff will be put immediately to work digesting the data for the committee.

The questionnaires disclose that both employers and union officials are to be given ample opportunity to criticize the NLRB. At the same time, the committee will receive a mass of factual information which will indicate how extensive and complete the criticisms are and exactly what class of employer or labor organization is most directly affected.

If the purpose of Chairman Smith is accomplished, every employer in the country who has dealt with the board in one way or another will file with the committee a fairly complete story of the dealing and his own reaction.

Examples of the questions asked employers:

Did the trial examiner direct the reporter to omit from the record any part of the proceedings?

Did he examine or cross-examine your witnesses? Or witnesses for NLRB? If so, to what extent?

Among questions directed to union organizations are:

What was the attitude generally or specifically of the board's representatives toward your organization or any affiliated union or organization or toward any of the charges filed or to be filed?

Have any activities of the board or policies of the board or its agencies and employees interfered with (or aided) your growth and functioning as a collective bargaining agency?

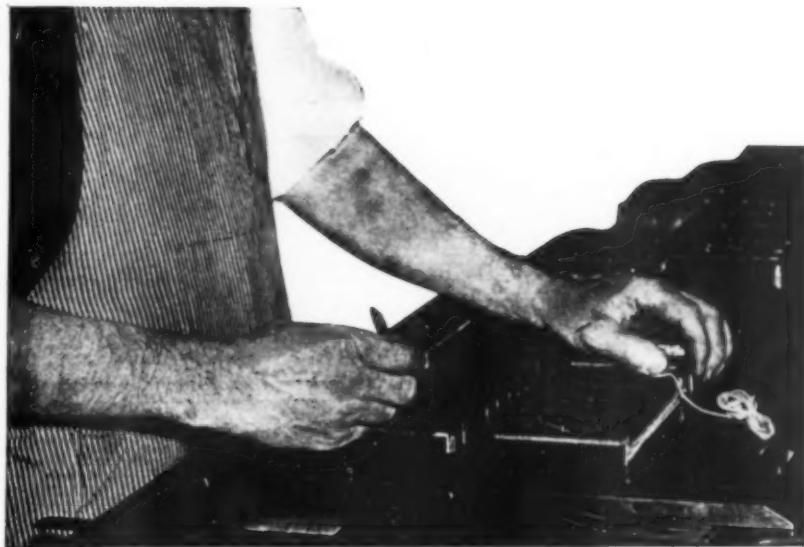
LABOR ANGLES

Few Employers' Requests

To DATE, the NLRB has received 16 petitions from employers for employee elections. The rule admitting such requests has been in effect since July 14, or just over two months. One election thus requested has been held; Bundy Tubing Co. in Detroit asked for the test last Aug. 11, and by consent of all parties the election was held on Aug. 24. Results were: C.I.O., 360, A.F.L., 293, void 27. Pending are 14 employer petitions, and one was dismissed. But the NLRB's greatest surprise has been that only one petition has come from the Pacific Northwest lumber region, where claims had been made that employers were "caught between two labor millstones" and would welcome the chance to get a decision by ballot.

Add Good Reading

Two good DIGESTS of popular subjects are available from the Industrial Relations Section, Princeton University. They are "Seniority Principles in Union-Management Relations" and "Company Plans for Employee Promotions." Price, 75¢ apiece.



UNPROTECTED ASSETS?

TRAINED men . . . skilled hands . . . these are assets of your organization that represent very definite capital investments in both time and money. As assets they are peculiarly susceptible to impairment by hazards against which employers can today secure adequate protection . . . hazards that are evident in unnecessarily high employee turnover and the conditions that may cause it.

In this connection it is significant that a high percentage of organizations enjoying particularly stable employment conditions have group insurance on the cooperative plan. It is significant that Connecticut General's new coordination of group insurance benefits under the "Protected Pay Envelope Plan" is receiving the attention of an ever widening group in business and industry today who believe that better employer-employee relations are a first principle of modern minded management . . . and a definite means of protection for their human assets.

In the "Protected Pay Envelope Plan," Connecticut General has created a common meeting ground for employer and employee where protection against the financial hazards of accident, sickness, death and old age lifts the burden of worry from employees' minds and becomes a prime factor in promoting better employer-employee relations.



Find out how simply and practically this new Connecticut General Plan works, how applicable it is to organizations of many types and sizes . . . Have your secretary write today for your copy of our new booklet, "The Protected Pay Envelope."

**Connecticut General
LIFE INSURANCE COMPANY**

Hartford

Connecticut

— THE PROTECTED PAY ENVELOPE —



Life, accident, sickness insurance, annuities, and all group lines

PRODUCTION

PRODUCTS · PLANT · PROCESSES

Progress of Printing Dramatized

Industry celebrates three centuries of advances since first American press was operated at Cambridge; special postage stamp issued.

In 1639, Stephen Daye of Cambridge, Mass., produced on his wooden, screw-type press the first piece of printing in the United States, a business-letter-size leaflet entitled, "The Freeman's Oath." Three centuries later the very same press, now pretty rickety, becomes the featured exhibit of the Fifth Graphic Arts Exposition, running currently at Grand Central Palace, New York City, Sept. 25, to Oct. 7. It becomes also the pictured subject of 65,000,000 U. S. postage stamps, struck off nominally to commemorate the "300th Anniversary of Colonial Printing in Colonial America," but more specifically and practically to boost the current "Printing Industry Week" drive.

On Looking Back to Daye

Daye's press dramatizes the technical and artistic advances in the art of imposing word and picture on paper and other materials. No colonist could have foreseen that the annual product of the printing industry—typographic, lithographic, and gravure—would reach a value in excess of \$2,000,000,000.

The present exposition, the first since 1927, provides an excellent cross-section

of the industry, not only as it is today, but as it is going to be. Presses of all types and sizes, save only the more gigantic metropolitan newspaper presses, are displayed. Since 1927, emphasis has shifted from sheer speed to speed combined with high quality of impression. Aids to more perfect registry of multi-color work are everywhere, as for example a new mirrored device which aids the composing room and printshop in getting accurately superimposed color impressions.

Latest Developments in Paper

Printing inks and paper have advanced together. Newest things in paper include extreme thinness combined with opacity, as for example the new letter papers designed to cut the cost of air mail, and specialized lightweight sheets aimed to cut the transmission cost of export catalogs. They include, too, the new magazine stocks, continuously coated on both sides by machine and wound into rolls the size of newsprint. Newest thing in inks is still the series which dries by chemical reaction rather than by evaporation and absorption.

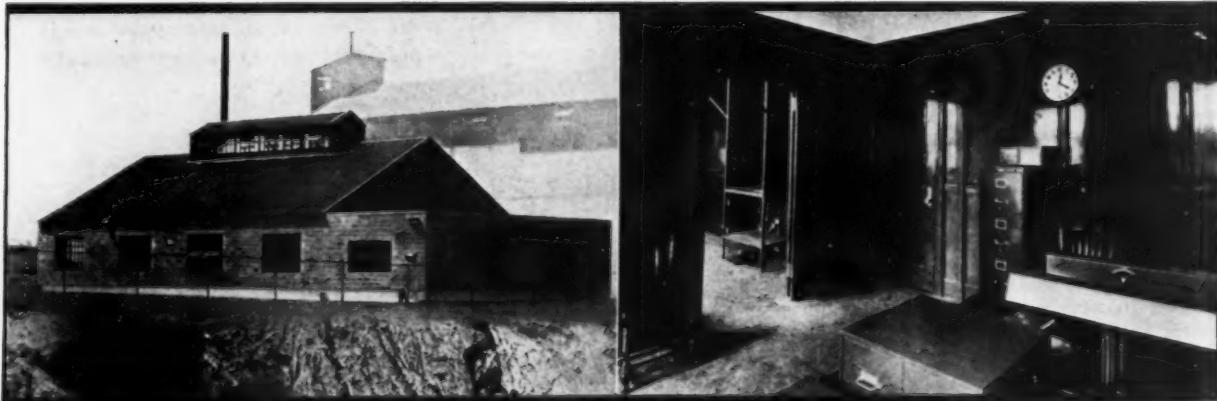
Lithography, or offset, which even with its vast production of labels for cans and other containers, does only about one tenth of the total business of the graphic arts, is definitely on the march. New presses, new cameras, new plate-preparation devices are shown. One new camera for instance is capable of handling color separation work on a 12-sheet poster in one single piece and at one setting. Gravure shows commensurate development now that the chemistry of inks and metals is better understood.

Type-setting and plate-making keep up with presses and presswork. Rubber printing plates become increasingly popular for certain types of typographic work. At least one manufacturer of a rubber-plate press has a job exhibited in the show small enough to be set up in a business office.

Aids for Illustration work

Adjuncts and accessories of the graphic arts are legion. A new drawing paper for original illustrations is printed invisibly with two shades of dots or cross-hatching. If the artist desires dark tones on parts of his drawing, he applies a secret liquid with a brush, and the dark tones appear; if it is a lighter tone he wishes on other parts, he uses another liquid. The resultant shaded drawing may be reproduced as a zinc engraving, saving the cost of a halftone. Spray guns to keep printed sheets from offsetting on neighboring sheets are now available from a half dozen manufacturers. Two photo-mechanical processes for "setting" headline and display type by electric light interest all comers. Appealing to some printers who want to invest in new equipment without cash outlay is the exhibit of a large finance company which offers to the investor the easiest kind of "easy terms."

Porcelain Enamel Maker Builds with Porcelain Enamel



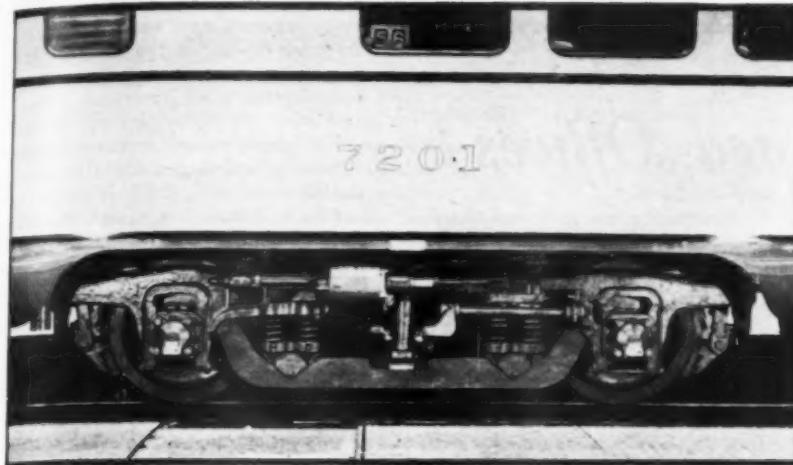
Building history is made by the new factory building of Ferro Enamel Corp., Cleveland, manufacturer of porcelain enamels for kitchen ware, tile, pottery, china, and glass. The factory's steel roof, gables, trim, gutters, window sash, doors, and even the stack are all finished

in porcelain enamel—likewise all inside metal partitions. Since the material is a form of glass fused to metal, engineers predict an almost complete resistance to weather and corrosive fumes, hence low maintenance costs, and less depreciation.

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The new four-wheel truck which is being used with the cars of the Chicago & Northwestern's new "400" train.

New "400" Tried Out

Smoothness and stability of latest streamliner cited by rail men on trial run.

"AISLE-WALKING MADE EASY" might have been the slogan when the Chicago & North Western took 231 guests from Chicago to Milwaukee and back last week on its new green-and-yellow "400". Gadgets on the stream-lined, diesel-electric train caught the layman's eye, but railroad authorities were impressed most by "a smoothness and stability" they had not encountered before.

At 20 miles an hour or 100, passengers found they could wander up and down the cars without lurching and teetering. Sitting or standing, there was no awareness of pounding the rails. Coffee did not slop into saucers, even on curves.

Engineers of the road and of Pullman-Standard Car Mfg. Co., which built the cars, say they planned it that way, incorporating several new features in the four-wheel trucks. Each truck has spiral bolster springs in combination with shock absorbers and stabilizer rods to replace the customary elliptical bolster springs and transom chafing plates.

The spiral, or helical springs, it is explained, respond faster to load variations. The rebound is toned down by the shock absorbers.

The truck has a rubber bumper on the bolster at each end, which strikes the truck frame and softens extreme lateral motion. The dining car trucks have instead of the usual spring plank a set of stabilizing levers to maintain a level bolster on track curves.

Bolsters Given Big Clearance

Chafing plates between bolster and transoms have always transmitted hammer-like blows to the car body if clearance was excessive. If clearance is insufficient the bolsters bind, make the cars

ride hard and increase maintenance costs. This train's bolsters have a big clearance here, are kept from hammering the main truck frame by two horizontal stabilizer rods carried in rubber bushings.

The day coach lighting also attracted the experts. Instead of the conventional overhead fixtures, which often give light in wrong places, these cars have just enough small aisle fixtures to give clear vision for walking. Chief sources of illumination are semi-indirect diffusers, set into the under side of the baggage racks. Just right for reading, the railroad says.

One never-failing attraction on the preview run was the speedometer, mounted in plain view in the rear car.

The "400" is the Chicago & North Western entry in the three-way competition for passenger traffic between Chicago and the Twin Cities. It will vie with the Burlington's Zephyrs and the Chicago, Milwaukee & St. Paul's Hiawatha.

Fire Takes a Beating

Dunking process is used in making wood and cotton product flame-proof.

DEVELOPMENTS IN FIREPROOFING two normally flammable materials are attracting the attention of architects, builders, fire chiefs and insurance men. Installation of wood trim and doors fireproofed by the Ardor process is now permitted in "multiple dwellings" under the Building Code of New York City. Successful fireproofing of a new cotton building insulation, Insul-Cotton, is indicated by experiments in Taylor, Tex.

About the time the New York World's Fair reached the building materials specifying stage, Ardor Fireproofing Co., Bayside, L. I., N. Y., entered the lists with its immersion process, in which it "dunked" finished millwork in a secret solution of mineral salts, rendering the

Executives!



HERE'S A THOUGHT FOR CHRISTMAS!

[PAT. APP. FOR]

The "perfect gift" for the top men on your staff or for business or personal friends for whom you want a distinctive present is

THE Kirsten PIPE

It's a personal gift any man will be proud to own and will smoke with lasting pleasure. Beautiful, light, perfectly balanced—as precision-made as a fine watch. Always a clean, cool, dry smoke. Built in four sizes—\$10 to \$17.50—to fit any manner of smoking. At leading dealers or write

KIRSTEN PIPE COMPANY
3129-L WESTERN AVE., SEATTLE, WASHINGTON

CUT YOUR HANDLING COSTS WITH DOENUT WHEELS



Doenut wheels move merchandise and machines with 50% less labor. Prolong life of equipment, protect floors, absorb surface obstructions and roll silently. Do not sink in sand or soft ground. Developed by the inventor of the air wheel. Four year performance record on wheelbarrows, mowers, grease guns, spraying equipment, castors, trucks, etc. Write for illustrated literature and mention uses you contemplate.

MUSSELMAN PRODUCTS CO. 6314 St. Clair Ave.
Cleveland, Ohio.

Redipoint THE BUSINESS MAN'S PENCIL

REVIVE DORMANT ACCOUNTS WITH REDIPOINT

MANUFACTURED EXCLUSIVELY FOR ADVERTISERS BY

BROWN & BIGELOW

Remembrance Advertising

SAINT PAUL, MINNESOTA

KEEP COOL!

HOTEL LENNOX

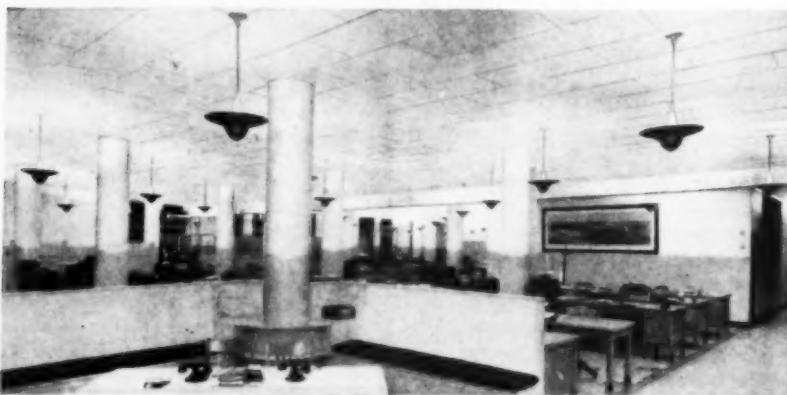
ST. LOUIS

ALL ROOMS AIR-CONDITIONED UP

FATIGUE REDUCED, EFFICIENCY UP... in *Light-Conditioned Offices!*



BEFORE Wilson Brothers', makers of men's furnishings, light-conditioned their offices at 528 S. Wells St., Chicago, a Light Meter check-up showed that lighting was inadequate for comfortable, accurate seeing. The average intensity was only four footcandles, and the distribution of light was spotty.



AFTER the offices were Light-Conditioned with G-E MAZDA lamps in indirect, modern fixtures, every desk was provided with plenty of light for easy seeing. Employees say that the new lighting has helped reduce office fatigue and that it is an effective aid in increasing office efficiency. For a free copy of a valuable booklet, "Light for Seeing in the Office," write General Electric Company, Dept., 166-BW-1, Nela Park, Cleveland, Ohio.



G-E MAZDA LAMPS
GENERAL ELECTRIC

wood incapable of supporting a flame. However treated, any wood is by its nature going to char on the surface. The charring does not go below the surface of Ardor-treated wood. Protected by the mineral salts, the entrapped air in the wood's cellular structure acts as an insulator, barring the passage of heat. Strictly on the show-me basis, the Fair and several of its exhibitors bought and erected several thousands of board feet of the treated material.

Treated Wood Doors

Since all this treated millwork has given a good account of itself in some incipient fires, the authorities of Hunter College, New York, have specified Ardor treatment for all wood in a building now being constructed. The New York City building authorities are permitting treated wooden doors to take the place of metal doors, thus giving Hunter College two more or less unexpected breaks: Lower cost and a better architectural matching of the doors with the trim.

Like the Ardor wood treatment, the secret process of rendering Insul-Cotton fireproof consists of dipping the material in a solution of mineral salts.

All of the development work has been in the hands of Taylor Bedding Mfg. Co., Taylor, Tex., encouraged and aided by certain experts in the U. S. Department of Agriculture who foresee possible future consumption of a good many bales of cotton annually (estimates range from 300,000 to 1,000,000 bales). Treatment brings the weight of cotton up from 2 lb. to 3.3 lb. a cu.ft., which is $\frac{1}{2}$ to $\frac{3}{4}$ lighter than rock wool insulation for similar purposes. Thermal insulating value is slightly higher than rock wool; sound insulating value is about on a par. Insul-Cotton will cost less.

Arson-Proof Cotton

Recently the Taylor Co. staged a demonstration party at its plant. Before several hundred interested spectators, including Texas Governor W. Lee O'Daniel, amateur arsonists did their best to set fire to Insul-Cotton. Oil with which it was soaked would burn, but not the cotton. Attacked with a blow-torch, the surface cotton glowed with heat and charred on the surface, but did not burn through. Bottles of soft drinks were wrapped with the treated cotton after having been thoroughly chilled in an ice box. Three hours later, they were still cold and drinkable.

Backers of Insul-Cotton look not only to a rosy future in the building industry, but to mattresses proof against the forgetfulness of bedtime smokers.

They are investigating possible use of their treated material in storing potatoes. With Christmas approaching, Taylor executives think that a lot of people will want to know that Insul-Cotton makes a safe synthetic snow.

NEW PRODUCTS

Swift Adding Machine

SMALL AS IT IS (it weighs only 5½ lb. and will slip into a desk drawer easily) the new Swift Adding Machine, which will be brought out sometime in Octo-



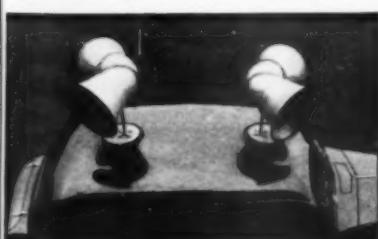
ber by Swift Business Machines Corp., 150 Broadway, New York, has an adding and multiplying capacity of 9,999.999.99. Equipped with a 10-figure keyboard and a two-color ribbon, sub-totals and totals stand out on the paper tape in red.

Aluminum Alloy Bearings

ALTHOUGH ALUMINUM ALLOY BEARINGS have been used on airplane camshafts for 25 years, it is only now that Aluminum Co. of America, Pittsburgh, is bringing out Aluminum Alloy Automotive Bearings for main, connecting-rod, and camshaft bearings in trucks, buses, tractors, diesels, and aircraft. Tests indicate high fatigue strength and excellent resistance to corrosion. Experiments are under way to adapt the new bearings to higher-speed passenger-car bearings. For main and rod bearings, permanent mold castings are used; rolled sheet is used for camshaft bearings.

Elbow Horn

INGENIOUS DESIGN of the new University Elbow Horn permits it to take sound



from both sides of a single cone speaker and project it in a fan-shaped wave, thus projecting almost twice as much sound toward a given area as a projector using one side of the cone. University Laboratories, 195 Chrystie St., New York, makes it in four models for practically all standard cone speakers.

Space-Saving Furniture

PATENTS HAVE BEEN GRANTED Swan Engineering Co., Inc., 410 Frelinghuysen Ave., Newark, N. J., on all-welded Swan Space-Saving Furniture, invented by Thomas E. Smith, industrial designer. Due to the ingenious conformation of back and seat, 100 chairs can be stacked in about 10 sq. ft. of floor space; tables stack similarly. Metal framework is a rust-resisting alloy tubing which may be finished in satin bronze, pewter, chrome, baked enamel, or stainless steel. Quickly detachable and cleanable backs and seats



come in practically any shade of DuPont Fabrikoid, DuPont Cavalon, or 14-oz. duck, with or without flame- and mildew-proofing. Chairs may also be upholstered in foam rubber. Tables come with tops of alcohol-proof Formica.

Heater with Anemostat

WORD COMES from Trane Co., La Crosse, Wis., that the Trane Projection Unit is now available with an Anemostat to



direct a draftless, low-velocity air stream directly downward. Fewer unit heaters will be required to serve a given space. Stores and factories in which dust is a problem will find that low-velocity circulation will help them to hold it down.

Speedy Letterer

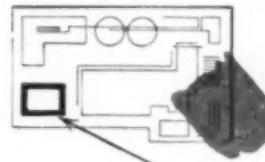
BY CHANGING the relative setting of the tracer and the pen on the new Edco "Spee-Dee" Lettering Set, any draftsman can produce eight types of letter-

KOPPERS
MENZIES CONE
SEPARATOR

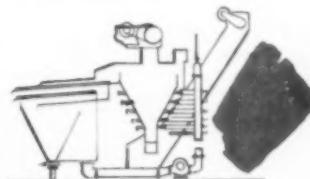
SOLVES CLEANING PROBLEM FOR MINES



MANY COAL COMPANIES would like to install new coal cleaning equipment, or expand existing cleaning facilities, but hesitate because they feel that construction of the necessary buildings would involve considerable expense.



THIS DIFFICULTY is economically solved by the installation of a Menzies Cone Separator, built by Koppers-Rheolaveur Company, a Koppers affiliate.

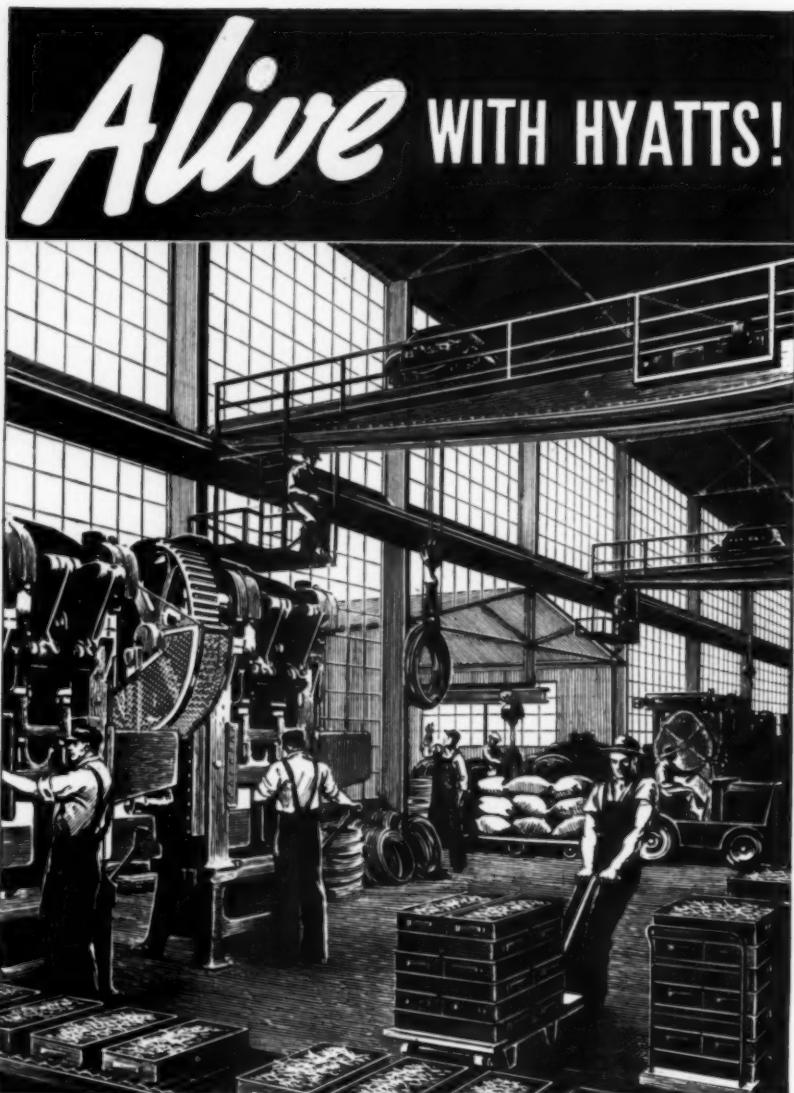


THE MENZIES SEPARATOR is self-contained, and is so compact that it can be placed in some section of an existent building, or in a small and inexpensive added structure. It provides a very efficient high-capacity low-cost washing unit.

LET KOPPERS SOLVE *your*
PROBLEMS

Koppers engineers, working with all the following Koppers products, may be able to solve some problem of yours as the Menzies Separator solved this problem for coal operators: Coal and Coke, Coal Preparation Systems, Coke and Gas Plants, Purification and Recovery Equipment, Boiler and Industrial Electric Power Stations, Industrial Chemicals, Creosote, Municipal Incinerators, Castings, Special Machinery, American Hammered Piston Rings, D-H-S Bronze, Fast's Couplings, Material-handling Systems, Pressure-treated Timber Products, Tarmac Road Tars, Roofing, Waterproofing, Bituminous-base Paints, Ships, Barges. Koppers Company, Pittsburgh, Pa.

K O P P E R S



Look in on any modern mill or factory . . . busy cranes, hoists, trolleys, conveyors, trucks, and trailers feeding hungry machines . . . hauling away their finished products. Material handling equipment of every make and kind *alive* with Hyatts . . . alert to industry's needs in the

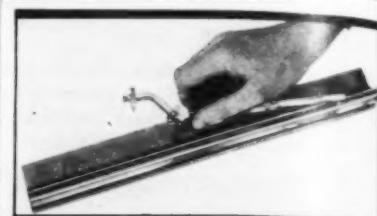
Whirl of Today and Tomorrow
... chalking up new high marks of efficiency, economy, and long life . . . always on the go with Hyatts. « « Hyatt Bearings Division, General Motors Sales Corporation, Harrison, New Jersey; Chicago, Pittsburgh, Detroit and San Francisco.

HYATT



Roller Bearings

ing from one plastic guide. By changing six penpoints, ranging from extra light to extra bold, he can bring the total



varyations of lettering up to 48. Eugene Dietzgen Co., Chicago, packs the outfit in a portable mahogany case.

PRODUCTION ANGLES

"Modern Pioneers Day"

FEB. 27, 1940, is the date tentatively selected by the National Pioneers Committee of National Association of Manufacturers for "National Modern Pioneers Day." Program includes a radio broadcast and a big New York dinner (preceded by regional dinners in other important cities) for the presentation of awards to a select group of outstanding "Modern Pioneers on the American Frontier of Industry." Nominations for the honors will be made by manufacturers before Dec. 1, 1939. Inventors or research workers who have been granted U. S. patents within the past 25 years on any genuinely important "art, machine, manufacture, or composition of matter" are eligible. Object of the Modern Pioneers Awards is both to recognize men and to dramatize the place of the present U. S. patent system in American industry.

Production Plans Grow

BEFORE the big new plant for the production of Nylon textile fibers, brush bristles, and allied products can be completed at Seaford, Del., E. I. du Pont de Nemours & Co., Wilmington, Del., announces that "prospective demands . . . necessitate increasing the plant facilities." Original plans called for nine spinning machines. New plans call for three more.

Elongated Plating Tank

NOT THE BIGGEST in the world, but one with ingenious features, is the bright-nickel plating tank recently installed in a Detroit automotive plant. Designed to do a continuous conveyorized job, the new steel tank—162 ft. long, 5 ft. wide, 3 ft. deep—is shaped like a hairpin, permitting the plater who hangs work on carriers to pick it off also. The whole interior carries an "SRL" (Seamless-Rubber-Lining) over which is a sealing coat of Impervium, a plastic immune to oils, acids, and moisture. Paramount Rubber Service, Inc., Detroit, did the lining job.

Business

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MARKETING

ADVERTISING · MERCHANDISING · SELLING

Hearn's Has Own Cash and Carry

No-delivery system features extension of supermarket idea to dry goods field; first test made in Newark store wins customer favor.

TO MANY THOUSANDS of newspaper readers throughout the country, Cash and Carry meant one thing last week—the basic plank in President Roosevelt's neutrality program—but to New Jersey patrons of Hearn Department Stores, Inc., the words meant something new under the retail sun. Hearn's has three stores: one in downtown New York, one in the Bronx, and one in Newark, N. J. A new no-delivery merchandising policy, introduced three weeks ago, applies only to Hearn's-Newark.

Hearn officials are releasing no figures on operation to date, but customer reaction has been markedly favorable. Executives in New York stores are wondering if eventual success in Newark will lead to the same policy in Hearn's Manhattan store, while marketing analysts throughout the country are speculating on whether the Hearn experiment presages a revolution in dry goods retailing similar to that which the supermarket has caused in the grocery field.

The analogy is heightened by Hearn's calling the Newark branch a super-store. Ads announcing the new plan trumpeted, "New Jersey knows how to shop and save in its supermarkets. The first one was started right here in this state. Now New Jersey gets its first super-store . . . Hearn's-Newark . . . where you will have to come in person, pay cash, and take things with you. BUT you will save handsomely in return."

Take Cue from Super-Supers?

The advertisement's direct reference to New Jersey supermarkets of the Big Bear type has made some observers wonder if the new Hearn policy might not have been stimulated, at least in part, by the competition of these low-cost, big-volume mass merchandisers. With the steady addition of leased departments, offering a wide variety of goods, many of the independent supermarkets in the Newark area have expanded far beyond the limitations of the conventional grocery store and encroached on the domain of the department store.

Just how much the customer will save, says Hearn's, depends upon the eventual cut in store costs through the elimination of delivery, credit accounts, mail and

phone orders. Comparative shopping now shows that some staple lines are priced 10% to 20% lower in the Newark store than in Hearn's other stores.

In putting in cash-and-carry, merchandising policies have been altered all down the line. Heavy furniture and the big home appliances have been eliminated, with a saving of two selling floors or about 40,000 square feet. Boys are available to carry light chairs, bridge tables, lamps, pots and pans, and other bulky but portable articles to customers' cars.

The store is really being conducted as a collection of specialty shops—again, not unlike the pattern of supermarket operation, pioneered by Big Bear and others rather than on a mass volume

basis. There will be no more store-wide sales, and advertising is being cut down. Each department is being promoted as a separate shop, and, in line with the specialty policy, each department is carrying wider assortments.

The specialty influence is being carried to the buying side. Formerly, there were 24 department managers; now there are 50. And where much of the buying was formerly handled by the New York store, Newark buyers will now be responsible for their own needs on a localized basis.

This isn't the first time that Hearn's has made news in recent years. Old-timers in New York can remember Hearn's as a placid place, quietly doing a conservative business down on 14th Street long after major shopping activity had moved uptown. But that was before 1932, when Maurice Levin took over the store from the Hearn heirs. Since then, Levin, as chairman of the board, and Leonard Ginsberg, president, have catered strictly to the masses, have promoted Hearn's as "the People's Friend," and "the Store with a Heart."

New Management—New Policies

When the new management took over, it cancelled \$176,434 worth of customers' debts and went on a cash basis, though later it was found expedient to allow installment buying of heavy appliances and home furnishings. When NRA came along, the management announced that

FINE BUSINESS PAPERS · FINE BUSINESS PAPERS · FINE BUSINESS PAPERS



Modern business requires a variety of papers—for letters to customers, for records, forms and legal documents, for inter-plant communications.

Hence the different grades of fine business papers made by Neenah. Some are stronger and more permanent. All are attractive in outward appearance. Each fits a definite business need.

Ask your printer or lithographer to show you the Neenah line and to recommend the grades you should use.

Write us for the story of how Neenah's papers are made, and for samples.

Fine Rag Content Bonds, Ledgers, Index and Lightweights

MANUFACTURED BY NEENAH PAPER COMPANY, NEENAH, WIS.

FINE BUSINESS PAPERS · FINE BUSINESS PAPERS · FINE BUSINESS PAPERS

it would not try for profits but would lower prices.

When Gen. Johnson retired from NRA, the management persuaded him to make a farewell speech from the Hearn balcony to milling thousands in the street below. When share-the-wealth was the talk of the nation, the management inaugurated a share-the-profits plan for Hearn customers and employees. When recession was biting in early 1938, the management hired Madison Square Garden for a "Consumers Rally to Speed Recovery."

All of these pyrotechnics have turned Hearn's into a screeching bustle of activity, have kept the company in the black for six of the last seven years, have made possible purchase of the Bronx and Newark stores, and have given the Hearn management a reputation for being able to hit public fancy. The question department store executives will ask now—has Hearn's hit the public fancy with the new cash-and-carry scheme?

Schick Wins Patent Battle

Long fight ends when Dictograph Products Co. agrees to pay damages; other dry-shaver firms may be affected by precedent established.

SCHICK DRY SHAVER, INC., emerged victorious in a three-year patent battle last week when Dictograph Products Co., Inc., consented to a final decree in Schick's patent infringement suit.

Thus closes a case which in its latter stages revolved around bribe-taking by Judge Martin T. Manton, and which will set an important precedent for other Schick litigation in the dry-shaver field.

Legal entanglements have plagued the electric razor since its beginning nine years ago. Schick pioneered the way in 1931. At a price of \$25 each, 3,000

models were sold that year by the company in which Col. Jacob Schick owned 5,600 shares and Archie Moulton Andrews (head of Hupp Motor Co. before becoming president of Dictograph Products) owned 20 shares.

When the Chicago World's Fair came along, Andrews sold the Schick along with his Lektrolite cigarette lighter, and sales of the razor, at a new price of \$15, ran up to 80,000. When the fair was over, Andrews claimed he had exclusive distribution rights in the west. Col. Schick said he didn't, and cancelled his license.

Schick died in 1937 and Andrews in 1938, but their feud had already made history. A new industry had blossomed under competition, for Andrews went into production on a model of his own—the Packard-Lectro Shaver. Col. Schick promptly sued for patent infringement and in the fall of 1938 was awarded a verdict by a District Court in Brooklyn.

Judge Manton's Decision

Andrews, that is to say Dictograph, appealed the decision to the United States Circuit Court of Appeals, and Judge Manton cast the deciding vote in that court in April, 1937, to the effect that the Andrews' patent, covering a round-headed razor with a rotary shearing mechanism as distinct from the Schick straight edge, back-and-forth clipper, did not infringe the Schick patent. Both, said the court, were merely improvement on a prior art.

It was this latter point—recognition of a prior art—which let in a flood of new competition. Four small manufacturers were already sniping away, but the apparent vulnerability of the Schick patents opened the door to such potent competitors as Remington-Rand and its subsidiary General Shaver Corporation, Utility Instrument Co., American Safety Razor Co., Ingersoll-Waterbury Co., Gillette Safety Razor Co., and Chicago Flexible Shaft (Shavemaster). Altogether more than 40 companies, in the last three years, have been in and out of the dry-shaver field.

Manton Decision Set Aside

Meantime, came the trial of Judge Manton for his willingness to sell a judicial vote to the highest bidder. When it was proved to the satisfaction of a judge that Judge Manton had been paid \$55,000 by Andrews, the Circuit Court of Appeals unanimously set aside the Manton decision of April, 1937, and directed



that the appeal of the Dictograph Products Co. should be heard anew this coming October. This appeal will never be made, now that Dictograph has consented to the entry of a final judgment in favor of Schick including heavy damages.

No official announcement of the amount of the damages has been made, but they are understood to include the 20 shares of Schick stock originally held by Andrews and a check for \$150,000. That gives complete control of the Schick company to the Colonel's widow, who is now married to Captain Steadman of the United States Line.

Now that the corrupt Manton decision has been set aside, Schick can claim an unbroken record of victories in its patent litigation. In addition to the decision over Dictograph, Schick has won cases against five small companies and has action pending at present against other competitors.

Schick vs. Remington-Rand

Major interest now centers in the case against Remington-Rand. United States Judge Edwin S. Thomas heard arguments in this action back in February of 1938, but before he got around to rendering a decision the snoopings of the Attorney-General's office made it expedient for him to resign. Judge Carroll C. Hincks then took over the case, and reportedly has held up his decision to get the precedent of the final outcome of the Dictograph case. Schick officials made no secret of the fact that they are now hoping for a speedy—and favorable—decision against Remington-Rand.

Should Remington-Rand be driven out of the field, Schick will have disposed of one of its two biggest competitors. In its current promotion to dealers, Remington-Rand claims to be number 1 in the business. Schick says this isn't so, that half of the five million electric razors now in use are Schicks and that the company still produces more than anybody else.

No Figures to Uphold Claim

Although the absence of comparative sales figures makes it impossible to prove leadership, there is little question that the three biggest producers at the moment are Schick, Remington-Rand, and Chicago Flexible Shaft Co., maker of the Shavemaster. Success in the Remington-Rand action may bring further litigation against competitors not yet sued.

Just recently, Schick has been making the biggest selling as well as legal news. Last October, Schick got a new president, 40-year-old Ralph J. Cordiner, former manager of General Electric's appliance and merchandise department. Month ago, Cordiner raided GE's household division for a new advertising manager, Roy W. Johnson, and immediately Schick introduced a stunt old to appliances but new to shavers—the trade-in. To promote a new model—the Schick



**BOSS OR NO BOSS
you're 'way off base!**

Why, William! What's come over you?

Only this, Chief. When you first hired me as Ad Manager, business papers were the backbone of our advertising. But as we've grown bigger you've chiseled heck out of our business paper schedules. Yet you expect me to make the whole job effective at the point of sale.

*But, my boy, our consumer advertising reaches millions.
We reach everybody, including dealers and buyers.*

Oh, yeah? Say, listen. If our consumer ads reach 11 million people, and that's only 10% of the nation's literate population, how in blazes do you figure we reach 100% of our dealers and industrial buyers?

Well, of course....

And besides, even if we do make some direct hits here and there, how do you figure that's the same as talking to our prospects in terms of their own livelihood, through the business papers that talk their language?

Perhaps you're....

Now you're talking, Chief! Let's take another look at this list you just tried to amputate.... these A. B. P. publications, for instance. Our prospects depend on them for helpful suggestions about their business...for the advice of editors in whom they have confidence. Our prospects subscribe for these publications—not to be entertained, but to make more dough! What a chance that gives us. Get it?

*William, I guess I was right when I hired you because of your red hair.
Use all the business papers we profitably can. And make sure they're all like those A. B. P. publications.*



THE ASSOCIATED BUSINESS PAPERS • INC.

Highest editorial standards
and publishing integrity



369 LEXINGTON AVENUE, NEW YORK
LOOK FOR THE TWO HALL-MARKS OF KNOWN VALUE



Proved reader interest in
terms of paid circulation

ABP • ABC • ABP • ABC

Captain at \$12.50—for two months the company will offer a \$2.75 allowance on any old razor, whether a 10¢ safety or an expensive dry shaver.

The trade-in allowance brings the Schick Captain down to \$9.50 (the Schick Colonel remains at \$15) as against the \$9.50 Remington-Rand has been asking for its cheapest model, the Rand. But if the object was to price alongside Remington-Rand, the trade-in hasn't worked, for last week Remington-Rand announced price cuts of its own. The Rand goes from \$9.50 to \$7.50, the Speedak from \$12.50 to \$10, and the Remington from \$15.75 to \$14.75.

Ayer History Issued

Book based on three years of research touches on problems of practice and policy.

STARTING NEXT WEEK, the new business department of N. W. Ayer & Son will be able to present to prospective clients a complete history of the agency and its methods. No presentation prepared by the agency itself, the chronicle is a 652-page \$4 book—"The History of An Advertising Agency"—published by the

Harvard University Press as the latest in the Harvard Business Studies.

In its series, Harvard has established the policy of interpreting a given field of business enterprise against the background of a single leading firm. The story of N. W. Ayer & Son, as written by Dr. Ralph M. Hower of the Harvard School of Business Administration, sets forth the problems of practice and policy which advertising has had to meet in three quarters of a century of development.

Dr. Hower prefaced actual writing of the book by three years of research, thirteen months of which were spent in the Ayer offices. In other periods he consulted executives of firms with which Ayer does and has done business: The publishers, financiers, consumers, and executives of other agencies.

The result is a comprehensive treatment of the agency's handling of such problems as split accounts, commissions, publisher relations, account solicitation, and the development of management to control a growing personnel. Not the least interesting reading for other agency men will be the account of the struggle for control of the firm that went on three years ago when Wilfred Fry died and was finally succeeded as president by H. A. Batten.

The Scotch Question

Whisky importers opposed to war scare boosts; fear comeback of American types.

DURING PROHIBITION the most convincing type of whisky downed by the scofflaws was Scotch. Experienced bibbers might gag at the imitations of bourbon and rye but they readily accepted the bootleggers' insults in the less-familiar form of Scotch. Deliveries were "right off the boat." Orders arrived in bags or cartons that had been dipped in salt water suggestive of ocean spray shipped by the smuggler's speed boat.

America's Acquired Taste

Came the dawn of repeal. With it came real Scotch and a realization that Americans had acquired a taste for this light, smoky, foreign exhilarator—or thought they had. There was a scramble by distributors for well-known Scotch brands. Sales rose to the point where they worried the makers of traditional American whiskies. For the first seven months of 1939 whisky imports (mostly Scotch) were 4,466,000 gals. worth \$19,280,000.

Then Chancellor Hitler decided to march against the Poles. The war's effect on Scotch was immediate and violent. Inventories in this country were light. There was a stampede of orders by distributors. Some of them merely wanted adequate stocks; others hoped for profits on what appeared to be an inevitable price rise. In some cases wholesalers increased their prices on the strength of war news.

American agents for Scotch are fighting against such boosts. They declare increases are not yet justified and are discouraging over-size orders. They realize that if Scotch starts upwards, American types will seize the opportunity to regain lost ground.

Expenses Rise—Pound Unstable

Already it is considerably more expensive to land a case of Scotch on an American dock. Instead of the old transatlantic freight rate of 38¢ per case, shipping costs have risen to 53¢. There is now an additional 25 to 30¢ per case for war risk insurance. Hence it costs from 40 to 45¢ more per case to deliver Scotch at the Atlantic seaboard. So far this has been offset by the decrease in the value of the pound sterling, which has added to the dollar's purchasing power. But the fluctuations of the pound are highly disturbing to the trade.

Fleischmann Distilling Corp. has solved this problem in its own way. While most importers have shifted quotations from shillings to dollars, Fleischmann has pegged the exchange rate for its Black and White Scotch. Invoices will be payable at the rate of \$4.42½ per pound, unless the pound goes higher in which event

How to Check IDLE TIME of Machinery

Do You Know Exactly How Long Each Machine Stood Idle?

The Servis Recorder tells you. See how "time down" stands out on the chart below. You can't miss it. You can't help but reduce it! Suppose you could reduce idle time on all your factory machinery merely 10 minutes a day! What would it amount to in a year—or even a month! More than you'll ever save by "little economies."

The Servis Recorder bolts or clamps right on the machine itself—no ink, no pencils, no electric wires. Send for folder. The Service Recorder Co. 1422 Euclid Avenue, Cleveland, Ohio.

The SERVIS RECORDER

The "Time Clock" for Machinery

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the higher quotation becomes effective. Since importers control well-known brands, through their contracts they can prevent hikes in retail prices. This has put the squeeze on wholesalers in situations where the importer has been forced to boost the basic quotations. Result has been that the wholesaler has cut out his discount to retailers (running from 1% to 10%) which he has heretofore recouped on his domestic liquor lines.

The sun (as the wisacre says) never sets on the "Scotch empire." In the world's social oases some \$200,000,000 worth of Scotch highballs are hoisted annually. Here is a tidy item in Britain's foreign trade. Sales in America have a double virtue; they are building a huge potential demand and they create valuable exchange on this side for the purchase by Britain of needed war materials.

Our trade romanticists are beginning to say that now is the time for American distillers to hop in and grab off the foreign markets, work down tremendous inventories that threaten the price structure. We have enough beverage spirits in warehouses for about seven years domestic consumption at present rates and maybe we can induce wine-drinking Latin Americans to accept more of the hard stuff.

The most radical prediction the trade will now make is that obscure brands of Scotch ("dogs" in liquor parlance) produced by small outfits will be forced out of business by England's industrial adjustment to war. Production in England (with the opening last year at Dumbarton, Scotland, of a huge distillery by Hiram Walker-Goodeham & Worts, Ltd.) is plentiful. But war conditions have already raised British retail prices from 12 shillings 6 pence per bottle to 13 shillings.

MONEY AND THE MARKETS

FINANCE · SECURITIES · COMMODITIES

Rails Lead Rise in Stocks

Carrier shares and equipment issues attract traders as main body of list "tires" after September boom of 7 to 8 billion dollars.

HISTORIC SEPTEMBER has been a month for superlatives in the commodities and securities markets. Many of the commodities have scored advances among the sharpest ever recorded, and Moody's average of sensitive spot prices has risen about 22% since the end of August.

In securities there has been a very sharp decline in high-grade bond prices and a runaway market in stocks. The value of stocks listed on the New York Stock Exchange has gained between \$7,000,000,000 and \$8,000,000,000 since the end of August. Trading in Big Board stocks, totaling about 57,000,000 shares for the month and averaging about 2,300,000 shares for each of September's 25 trading days, has been the largest since January of 1937.

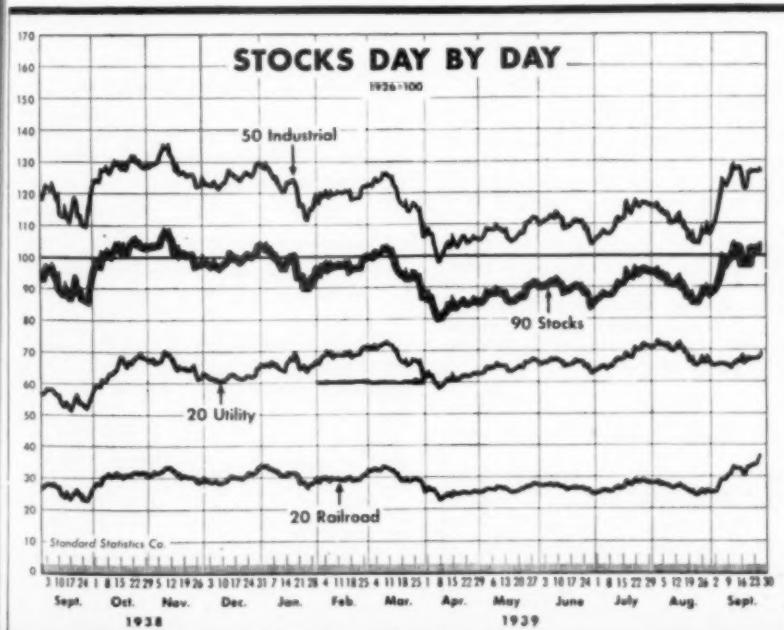
The average price of all United States Treasury bonds with maturity dates 12 or more years distant has fallen within the month just under 107 to a shade below par—this despite official support, with the 12 Federal Reserve banks buying about \$400,000,000 worth of Uncle Sam's bonds to prevent demoralization of the market.

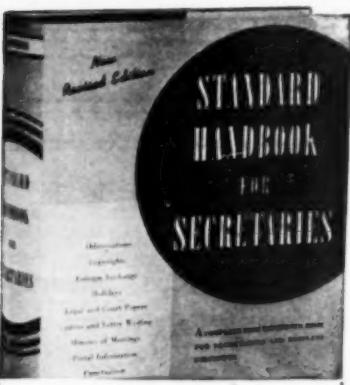
There, in brief, is the story of the impact of European war on American markets and, in no small degree, on American economy. It's a story of banks selling a slice of their government bonds in the belief that they soon will be able to employ the money so released more profitably in commercial lending (or by reinvestment in bonds at war-deflated prices); of a scramble on the part of industry to rebuild depleted inventories of raw materials (and in some cases to buy ahead for fear prices will go still higher in the near future); of a rush on the part of investors to get out of fixed income securities and into common stocks in anticipation of war profits.

Commodity Prices Settle Out

The first few days of the war were the period of splurge in prices, of course. Scores of stocks and commodities shot up 50% to 200% in a hurry—many of them to settle back to more reasonable levels at their leisure. It was not until this week, in fact, that the market sobered.

Not that this week's markets have





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been calm by any means. But a very large percentage of the volume of trading has been made up of switching—jumping from stocks which show nice profits into others where the trader thinks his profit prospects now appear better.

Rail Equipment Shares Advance

Heavy industry shares remain prime favorites, but their advance was so sharp that profit-taking has slowed them up. Other war babies, too, have turned listless. Such factors set the stage for the runup in railroad and railway equipment shares on Tuesday, as traders combed the list for more action.

Sharp improvement in traffic and better earnings prospects for the carriers, plus their needs for rolling stock which are now being translated into orders (page 16), helped traders put these shares up.

The following tabulations indicate what these two groups have done since the first of this month.

RAIL EQUIPMENTS

	1939	Aug.	Closing Prices	Sept.	Sept.	Sept.
Low	31	13	19	26		
Am. Car & Foundry	16 1/4	18 1/2	32 1/2	33 1/4	38	
Am. Locomotive	13	14 1/2	24 1/2	24 1/2	28 1/2	
A. Steel Foundries	20 1/2	23 1/2	36 1/2	36 1/2	40 1/2	
Baldwin Locomotive	9 1/2	10 1/2	18 1/2	18 1/2	21	
General Ry Signal	12 1/2	14 1/2	28 1/2	28 1/2	31 1/2	
N. Y. Air Brake	27	35	48 1/2	51 1/2	59	
Poor & Co. "B"	7 1/2	8 1/2	13	14 1/2	16 1/2	
Pressed Steel Car	6	7 1/2	12 1/2	13 1/2	16	
Pullman	22 1/2	24 1/2	33 1/2	36 1/2	40 1/2	
Group Averages	14.9	17.6	26.6	27.8	31.8	

RAILROADS

	Atch., Top. & S. F.	21	23	31 1/2	30 1/2	33
Atlantic Coast	15	16 1/2	22 1/2	22 1/2	27 1/2	
Baltimore & Ohio	3 1/2	4 1/2	7 1/2	7 1/2	8 1/2	
Chesapeake & Ohio	27	32	41 1/2	41 1/2	45 1/2	
Great Northern	16 1/2	21 1/2	31 1/2	29 1/2	32 1/2	
Illinois Central	9	10 1/2	15 1/2	14 1/2	16 1/2	
N. Y. Central	11 1/2	12 1/2	20 1/2	20 1/2	22 1/2	
N. Y., Chi. & St. L.	10 1/2	13	20	19 1/2	24 1/2	
Northern Pacific	7	8 1/2	11 1/2	10 1/2	12 1/2	
Pennsylvania	15	16 1/2	24 1/2	24 1/2	26 1/2	
Southern Pacific	10 1/2	11 1/2	17	16 1/2	18 1/2	
Southern Railway	11 1/2	14 1/2	18	17 1/2	20 1/2	
Group Averages	13.1	15.3	19.3	21.2	24.1	

C.P.A.'s Step Out

Accountants launch new business drive at annual convention in San Francisco

CAUTIOUSLY, BUT EFFECTIVELY, organized public accountants intend to go out after new business. Discussion of means for "extending benefits of sound accounting service to other fields," along with a continuous public relations effort, featured the 52nd annual convention of the American Institute of Accountants in San Francisco last week.

These are bold steps in the view of most members of a traditionally conservative profession, and there were grave warnings that restraint and dignity must be preserved.

Nevertheless, a definitely more aggressive policy was indicated by the round table session on extension of accounting service. C.P.A.'s will urge

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banks to retain them in setting up internal control to prevent defalcations. They will ask surety companies to reduce premiums for banks which establish such control. Insurance companies will be told what the C.P.A. can offer in the way of determining fire losses. Labor unions and consumer co-operatives will be wooed along with the others.

Would Aid in Re-organization

Accountants probably will seek more appointments in bankruptcy cases, especially during the re-organization period. They feel they have a strong sales point in their ability to size up a sick enterprise and advise whether it can be restored to health and how. They're fully aware that the federal judge is the key to this opportunity. Incidentally, speakers warned repeatedly that accountants, in cultivating this re-organization work, must not tread on bankers' toes. There was some cautious talk of encouraging legislation to make C.P.A. statements mandatory in cases involving reorganization.

Excess taxes on war profits, if and when enacted by Congress, are likely to create a great deal more business for accountants, many of the delegates felt.

Other opportunities are seen in service to small business through special departments under junior accountants, closely supervised, and in aid to retailers in the 22 states having unfair trade practices acts.

Advises Digging into Facts

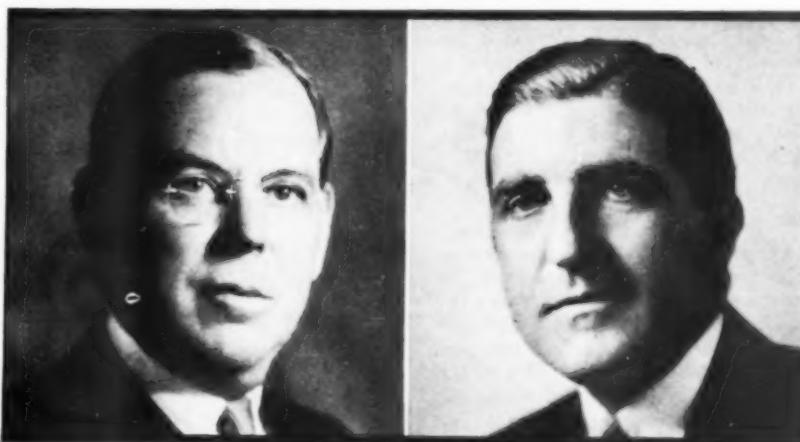
The McKesson & Robbins case had an echo in concrete proposals from John Haskell, vice president the New York Stock Exchange. The accountant must go beyond the books of record and satisfy himself as to underlying facts, Haskell held, and must not lend his name to any public report if restricted in his quest for information.

Mr. Haskell said that "safeguards must be provided against misstatements of earnings by the absorption of losses, which should be made against income, through charges to capital or capital surplus, earned surplus, or by other methods which violate this basic distinction."

Analyzes Managerial Demands

What management expects of the accountant was summed up by Rodney S. Durkee, president, Lane-Wells Co., Los Angeles, past president of the Controllers Institute of America, who demanded that C.P.A.'s should: (1) give specific attention to the method and extent of verification of receivables and inventories; (2) avoid using incompetent and poorly-trained juniors during peak seasons of audit work; (3) comment impartially and independently on the ability and efficiency of a firm's own accounting staff and practice; (4) agree that there's no need for the independent accountant

Bankers' Bosses, Past and Present



Blank & Stoller

On Thursday of this week, in Seattle's Metropolitan Theatre, the American Bankers Association closed its 65th annual convention by inaugurating a new president for 1939-40—

to encroach on the field in which the controller is primarily responsible.

FINANCIAL ANGLES

A Year of Crop Insurance

IN THE SUMMER OF 1938 the government-sponsored Federal Crop Insurance Corp. launched the first nation-wide experiment in offering "all-risk" insurance on one of the nation's major crops. The federal insurance was offered to wheat raisers and 170,000 farmers signed up, paying in as premiums some 7,200,000 bu. of wheat. Claims paid up to Sept. 2 under this year's insurance contracts totaled 26,445, and these had required 5,119,772 bu. of wheat worth \$2,619,706.64. This practically clears the government's losses on winter wheat and the spring wheat claims now are being paid out of the 2,000,000 bu. of wheat remaining from 1939 premium payments. And, with the 1939 insurance program apparently destined to pay its own way, and a little more, the crop insurance corporation is signing farmers up for the 1940 program. More than 123,000 growers have signed up and the corporation's manager, Leroy K. Smith, holds that the total insured will pass 170,000 for 1939.

Changing Times—and Prices

WHEN NEW YORK POWER & LIGHT Co. set out to refund \$66,582,000 of its bonds under a novel plan some weeks ago (BW—Aug 26 '39, p 48), it counted on its own bondholders to take up about \$22,500,000 of the issue. It offered holders of the \$66,582,000 of 4 1/2s which were to be redeemed the right to exchange

for new 3 1/2% bonds in a par-for-par ratio. A group of insurance companies promised to pay 106 1/2 for up to \$41,000,000 of new 3 1/2s. But the bond market since has gone sour and holders of the 4 1/2s availed themselves of the exchange privilege virtually not at all. That allowed the insurance companies to run out on their commitment. Under the circumstances, the company decided the best thing to do would be to make a new arrangement with the insurance companies whereby the latter would take up the whole new issue of \$66,582,000. This involved making the plan more attractive to the buyers, which was done by raising the coupon to 3 1/2%, dropping the price to approximately 104.

Waiting for Peace

IF THE WAR in Europe is going to be short, Central & South West Utilities Co. will await its conclusion before filing a plan of reorganization. The company says that many of its securities are held in Europe and that, consequently, it would like to delay putting their program before the Securities and Exchange Commission. The directors, tentatively, have decided to wait two months.

Truck Line to Finance

PUBLIC PARTICIPATION in ownership of one of the country's big trucking companies—U.S. Truck Lines, Inc., doing a gross annual business of about \$10,000,000—will be invited shortly. The company has filed with the Securities and Exchange Commission a registration statement covering public offering of 175,000 common shares out of the 550,000 shares now outstanding. The company, an offshoot of the erstwhile

Van Sweringen rail empire, does most of its business in the Great Lakes area, has headquarters in Cleveland, and lists as principal underwriter of its stock offering the Cleveland house of Otis & Co. President of the trucking company is W. G. Bernet, son of the late J. J. Bernet, who served as president of three of the "Van" roads, the Chesapeake & Ohio, the Nickel Plate, and the Pere Marquette.

War and Insurance

THE RISKS THAT COME with war already are a timely topic with American life insurance companies. They have seen the Canadian and British companies act quickly to put war restrictions into new insurance policies. And, according to the Northwestern National Life, which has surveyed the current situation, a few companies in the United States have followed suit. Companies here are worrying about the perils to civilians as well as soldiers in a new and deadlier war. They remember that they were able to refund "war extras" after both the Spanish-American war and World War, wonder what their experience will be if the United States gets into another. Agents, meanwhile, are urging clients to act at once.

Hot Stuff

THE BLACK PEPPER market in New York in the last few days has witnessed the phenomenon of the Netherlands buying pepper in New York. The Netherlands East Indies usually sell pepper to the rest of the world. The explanation, apparently, is that much shipping space in the Far East is tied up with products that the world is thinking more about than pepper—notably rubber and tin. To forestall any shortage at home, the Netherlands decided to draw upon the fairly ample stocks available in New York warehouses.

Cocoa Scare

THE WORLD'S cocoa markets last week got a scare of a type which probably will be witnessed in many markets if the war continues. The story got around that Nigeria had stopped shipments of the beans—and the report contained a certain amount of logic because many fear that England will take all its colonies' cocoa if home stocks become depleted. This rumor proved unfounded, and the British even went so far as to tell Nigeria it could continue normal shipments. The rumor wasn't so important in itself, but if it had indicated that the neighboring British Gold Coast states (largest cocoa producing area in the world) were to curtail exports, that would have been something. Meanwhile, commodity traders are prepared for scares in many of the markets—some of which may prove to have more basis than the one which occurred in the cocoa market last week.

BUSINESS ABROAD

FOREIGN TRADE · INTERNATIONAL AFFAIRS · FOREIGN INDUSTRY

Argentina Needs U. S. Supplies

Iron, steel, coal, tinplate, chemicals and lumber are outstanding among imports affected by the war; home industry drive developing.

BUENOS AIRES (Business Week Bureau) —A month after the outbreak of war in Europe, Argentina has some rather definite ideas about the effect of war on business with the United States.

For several years the United States has been unable to sell coal here in the face of European competition. But with Britain and Poland out of the market now, the United States is expected to become the big supplier for as long as the war lasts.

Iron and steel imports have been coming mostly from England, France, Belgium, Luxemburg, and Poland. The United States has been pretty well squeezed out of the picture, either because of higher prices or due to foreign exchange restrictions. But during the last few weeks American companies have been granted import permits freely and more business is in sight than they have been

able to accept. No new orders are being booked this week for delivery in less than 90 days.

United States tinplate producers are expected to get a slice of the business which was formerly monopolized by the British. Packing plants are heavy buyers, and soaring European orders for tinned beef have created a keen demand for reserve supplies.

Orders for American lumber have been particularly heavy this month, and will probably continue throughout the war, for Brazil is the only competitor in a favorable position to meet the Argentine demand, and Brazil's commercial production is limited to Parana pine. Both Poland and Yugoslavia have been important suppliers of spruce. Resumption of Italian shipping services may allow Yugoslavia to hold its share of the Argentine

Germany Plans "Pay-As-You-Go" War

BERLIN (Cable) —The Nazis are trying desperately to finance the war on a pay-as-you-go basis. Extremely heavy new taxes and extensive short-term borrowing were outlined by the Finance Ministry in Berlin this week. This is in striking contrast with the last war when the bulk of the expenses were covered by long-term loans which ultimately were wiped out in the inflation of 1923.

The new September financial decrees boost German income taxes 50% and put a war tax of 20% on the retail price of tobacco and liquors. Expected yield from the new levies, according to the estimate of the *Frankfurter Zeitung*, is 5,000,000,000 marks. This brings the revised estimate of 1939 tax revenue to 24,000,000,000 marks, in contrast with the original estimate of 22,000,000,000 marks, and set against last year's actual revenue of 17,000,000,000 marks.

These figures contrast strikingly with the Reich's 1914 tax revenue of 1,700,000,000 marks. The heavy new taxation is considered imperative not only for fiscal reasons but as a means of sterilizing some of the 8,000,000,000

marks of idle purchasing power set free by the drastic rationing to the people of food and other consumer goods.

A decree authorizing the finance minister to borrow 15,000,000,000 marks of short-term funds constitutes the other pillar of the new war finance program. The now-famous tax certificates program (*BW*—Apr 1 '39, p44) introduced last spring is apparently going to be abandoned.

It is significant that comparable figures for the period 1914 to 1918 show that the Reich borrowed, in long-term loans, 60,000,000,000 marks while circulation increased to 45,000,000,000 marks. Present currency in circulation in the Reich amounts to 18,000,000,000 marks. This total was not reached during the last war until 1917.

In general, the tremendous new war requirements are likely to strengthen the socialist trend of Nazi economic policy. The *Deutsche Volkswirtschaft* points out significantly this week that Germany lost the last war because of "the capitalist organization of its economy."

This war is not yet really under way on the Western front. Here, for the first time in eight years of warfare—China, Ethiopia, Spain, Poland—forces which are comparable in military strength are expected to clash. Opposite Germany's West wall is the unifying

ruption by armed attack; and (2) that they be prepared to mobilize their margin of superiority by reducing to a minimum the resources of labor and equipment required for ordinary peacetime consumption.

Second World War—How the sides compare in economic strength*

	Allied Powers					Axis Powers					Other Potential Suppliers					Total	
	British Empire	French Empire	Turkey	Greece	Rumania	Total	Germany ⁽¹⁾	Italy	Total Axis	Poland	U.S.S.R.	Hungary	Spain	Ordo ⁽²⁾	Baltic ⁽³⁾	U.S.A.	
Population (millions)	521.9	112.0	16.8	7.0	19.6	677.3	90.7	51.6	142.3	34.5	169.0	9.0	26.0	115.5	5.7	129.8	2,125.6
Tonnage Merchant Vessels (million tons)	20.7	2.9	0.2	1.9	0.1	25.8	4.2	3.3	7.5	0.1	1.3	1.2	11.2	0.4	11.9	67.8	
Railways Goods Carried (billions of tons—miles)	85.5	24.0	0.3	0.2	3.4	113.4	57.5	7.6	65.1	13.6	243.0	1.8	(*)	11.4	0.8	360.1	847.3
Motor Vehicles Registered (thousands)	5,783	2,461	11	14	27	8,296	1,816	469	2,285	44	678	2.3	182	976	16	29,486	43,298
Motor Vehicles (thousands)	700	223	1	1	1	923	364	75	439	3	215	1	1	3	1	4,809	8,681
Crude Petroleum (million tons)	7.5	6.6	2.4	2.4	1.8	15.4	1.3	1.3	1.3	0.6	31.9	8.2	8.2	190.6	190.6	308.3	
Gasoline (million tons)	3.3	2.8	1.5	1.5	1.5	7.5	1.5	0.4	0.4	0.1	6.9	6.2	6.2	66.9	66.9	(*)	
Fuel Oil (million tons)	6.6	2.8	1.5	1.5	1.5	13.4	0.6	0.8	1.4	0.1	11.0	0.1	22.9	22.9	72.6	72.6	
Coal (million tons)	345.2	54.2	2.9	0.3	402.6	220.5	1.1	221.6	42.0	146.5	1.1	7.7	51.6	51.6	494.3	1,441.1	
Lignite (million tons)	8.7	1.2	0.1	0.1	2.3	12.4	227.7	1.4	229.1	9.1	0.3	0.2	0.2	0.2	261.2	
Iron Ore, metal content (million tons)	11.0	14.7	1	0.2	0.1	26.0	4.4	0.6	5.0	0.3	15.4	0.1	1.3	13.4	41.1	108.0	
Pig Iron (million tons)	13.8	8.7	1	0.1	0.1	22.6	21.8	1.0	22.8	1.1	16.2	0.4	0.6	8.3	8.3	41.6	
Steel (million tons)	18.6	8.7	1	0.2	0.2	27.5	27.6	2.5	30.1	1.7	20.0	0.8	0.6	8.3	8.3	56.7	
Copper, refined (thousand tons)	517.9	1.1	2.4	1.5	522.9	77.8	3.2	81.0	105.3	13.2	296.4	1.2	1.2	904.2	904.2	2,577.2	
Lead, refined (thousand tons)	569.6	74.4	1.0	10.3	7.4	662.7	209.4	47.7	257.1	19.1	60.6	0.1	77.8	93.7	467.3	1,861.8	
Wool (thousand tons)	904.5	74.0	34.8	9.3	32.6	1,055.2	23.4	15.0	38.4	6.5	151.7	8.3	33.0	7.1	5.1	228.8	1,962.1
Butter (thousand tons)	728.6	236.7	1	6.6	13.8	985.7	668.0	49.6	717.5	207.0	12.5	7.8	513.6	60.3	1,148.4	3,692.7
Margarine (thousand tons)	253.2	11.1	1	2.8	2.8	253.2	465.7	2.8	468.5	3.2	76.3	1	1	374.6	198.3	1,488.1	
Wheat (million tons)	30.4	13.2	4.7	1.1	5.3	54.7	8.6	8.9	17.5	2.4	48.8	3.0	4.7	2.8	0.6	27.9	184.0
Rye (million tons)	0.3	0.9	0.5	0.1	0.6	2.4	12.0	0.2	12.2	8.0	23.5	0.9	0.5	2.2	1.3	1.5	53.4
Beet Sugar ⁽⁴⁾ (million tons)	0.7	1.0	0.1	0.2	2.0	3.1	0.4	3.5	0.5	2.6	0.1	0.2	1.2	0.1	1.7	12.2	12.2
Cane Sugar ⁽⁵⁾ (million tons)	5.5	1.0	1	0.2	2.0	5.5	19.8	19.8	19.8	19.8	19.8	19.8	19.8	19.8	19.8	19.8	

(1) Belgium, Netherlands, Luxembourg, Denmark, Norway, Sweden, Finland, and dependencies.
 (2) Estonia, Latvia, Lithuania, Russia, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Yugoslavia, Greece, Turkey, and Persia.
 (3) Not available.

*Source: *The Economist* (London), League of Nations.

Smartons in Europe and America claim that wars today are won or lost in the workshop rather than on the battlefield. Poland claimed an army of more than 5,000,000 men, and all Europe gave them a high rating for courage—but they were overwhelmed by the highly mechanized German forces within three weeks.

The Poles reputedly had fewer than 2,000 airplanes. Military observers declare that not more than 400 of them could compare with German planes in speed or load capacity.

An armored train manned by Poles emulated the war tactics of 1914. Thousands of German bombers roaring across Poland from Germany to East Prussia soon silenced its cannon, tore up its railroad.

Rivers became an insignificant barrier as giant German trucks rolled up with portable pontoon bridges carried in sections on great rubber-tired trailers.

This war is not yet really under way on the Western front. Here, for the first time in eight years of warfare—China, Ethiopia, Spain, Poland—forces which are comparable in military strength are expected to clash. Opposite Germany's Westwall is the mounting

French Maginot line. Germany's air force—estimated at from 8,000 to 15,000 planes—is matched in quality, though possibly not yet in numbers, by the French and British air fleets. German submarines must snipe their prey from under the eyes of the powerful British navy. Powerful tanks, midget torpedo boats, camouflaged anti-aircraft guns, and speeding pursuit planes—all can be countered by some equalizing force. The winner must be able to outproduce his opponent.

Here is a checklist showing the economic strength of the Allies, the Axis powers, and some of their neighbors or great potential suppliers. It gives the wealthy democracies a tremendous advantage over their adversaries. But *The Economist*, of London, warns, realistically, that this advantage hangs on two rigorous conditions: (1) that their armed forces are, from the start, strong enough to protect their industrial machines from disruption by armed attack; and (2) that they be prepared to mobilize their margin of superiority by reducing to a minimum the resources of labor and equipment required for ordinary peacetime consumption.

market for both spruce and oak, but aggressive selling by the United States should assure West Coast producers of a large new market.

The ban has been lifted on imports of American photographic films and paper, but not on cameras. Orders for paper of all kinds have been pouring into the offices of United States companies with representatives in Buenos Aires. Some chemicals may still be supplied by Britain, Italy, and Belgium, but Italy is reported to have placed an embargo on sulphur exports and the United States is in line to capture this business.

Tied Up on Barter Deal

The Argentine State Railways have been tied up on a barter arrangement with Germany for a considerable amount of rolling stock, and it is understood that a war clause allows Germany to ship after the war is over. Meanwhile, the government has authorized the road to fill immediate requirements wherever possible. Pullman-Standard Car Co. has just received an order for 200 tank cars, the first business which Americans have been able to land for many years.

Textiles are still on the list of imports from the United States on which entry permits are not granted, but Britain's ability to hold the market is seriously questioned and United States trade clearing offices in Buenos Aires have been besieged all month with inquiries for the

names of possible suppliers in the United States.

Argentine business leaders intend to use the present emergency to make the country far more self-sufficient industrially than it is now. Government surveys show that between 1935 and 1937, more than 9,000 new factories were established in the country and the value of manufactured products increased 36%. How many of these new businesses were American is not revealed, but the Pan-American Management Corp., with offices in both New York and Buenos Aires, lists more than 160 United States companies that are established in the Argentine or whose products are manufactured there. Some of them are among the largest manufacturing establishments in the country.

Encourages Home Industry

Authorities in Buenos Aires believe that the Argentine government is already planning to encourage the development of home industry during the war crisis. War, with its special demands on European industry and with blockades, submarine attacks and higher shipping rates, in itself operates as an automatic protective tariff. The Union Industrial Argentina is making a survey of the country's present industrial plants to see what additional products they are equipped to produce, and the government may give additional tariff protection to encourage the development of lines heretofore imported.



Wallace Campbell, president, treasurer, and director of the Ford Motor Co. of Canada, heads up Canada's new War Supply Board, which takes on the job of centralizing all buying and selling in Canada—a full-time job, since Canada is undoubtedly to be an arsenal for both Britain and France.

Ready for War

Canadian industry and retail trade rush to lay in supplies. Anticipate government buying.

OTTAWA (Business Week Bureau)—Business is speeding up in Canada, but very little of the pickup is yet due to the placing of government orders for defense equipment. Backbone of the new rush is caused by domestic industry hurrying to lay in supplies for the expected boom early next year.

Canada's steel plants have been stepped up to capacity in the last few weeks to take care of the expected business from both domestic and British buyers. A serious shortage of expert tool makers has developed in Toronto, Brantford, and other Ontario tool-making centers because so many skilled Canadian workers have moved to England during the last two years to benefit from the business boom there growing out of rearmament.

Increased Textile Activity

Canadian textile plants have been forced during September to step up operations to the highest level in more than two years. Part of this increase has been due to war business. Dominion Textile Co., leading cotton textile producer, received a large order from Britain early last summer, for cloth to be made into uniforms. Chief impetus to the new business, however, has been due to rising cotton prices, and the fact that

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prices started to rise just when inventories were particularly low. Mill activity jumped this month because domestic buyers were rushing into the market to get ahead of the price jumps and before the plants get busy on really big orders from the Canadian and British governments.

Sugar hoarding has forced sugar refineries to step up operations to capacity. The new wartime Prices and Trade Board has prevented price increases in sugar, but retailers have been selling only two-pound rations, and only to regular customers. The government has obtained the voluntary release of 2,000,000 lb. of sugar from industrial plants which had bought their supplies several months ago, and this has relieved an acute shortage in many districts where canning operations were being hampered.

Concerned Over Shipping

The threat of a shipping shortage is causing the Dominion some concern. Plans are already completed for reopening shipyards which have been idle since the last war. Sixteen companies, including Canadian Vickers, Ltd., and St. John Dry Dock & Shipbuilding Co., are capable of building ocean-going steel ships.

Part of the fleet operating on the Great Lakes can, and probably will, be used for ocean shipping. Canada Steamship Lines, Ltd., for instance, has 24 vessels that can be used on the Atlantic. The larger boats of this company are too big to go through the canals to reach the ocean, but can be used to capacity on the lakes. Recently they have been operating with far less than full cargoes.

Wheat has been moving to Montreal for shipment to Europe at the rate of 1,000,000 bu. a day, and lake boats have raised their rates to 7¢ a bu., from 3½ only a month ago.

WAR BUSINESS

REGULATIONS • WAR ORDERS • TRADE CONDITIONS

War Risk Bill Ready

U. S. marine insurance plan can be pushed promptly when neutrality issue is settled.

THOUGH AMERICAN marine insurance underwriters have cut their rates to levels below those established by the British more than a week ago, exporters are still interested in proposals for a government-sponsored war risk insurance plan. Although satisfied with the new rates, the exporters want the protection which, in case of an emergency closer home, can come only from a government program.

Legislation already framed can be rushed through the House of Representatives with a minimum of delay as soon as the neutrality issue is out of the way.

Chairman S. O. Bland of the House Merchant Marine and Fisheries committee said that his committee had already completed hearings on the war risk insurance bill which he introduced last session and can report it at a moment's notice. The United States Maritime Commission has urged speedy enactment of a law like the one operative during the World War and private shippers have appealed to federal officials for insurance aid.

Under the terms of the Bland bill, the Maritime Commission would be authorized to provide marine insurance and reinsurance against loss or damage by the risks of war, and by marine risks

whenever it appeared that adequate insurance could not be obtained on reasonable terms from authorized companies. A revolving fund would be established in the United States Treasury to finance such operations.

Commission Authorizes Insurance

The commission would be authorized to insure against war loss or damage:

(1) American vessels (including vessels under construction); cargoes (including freight and passage moneys); and personal effects of the masters, officers, and crews;

(2) All personnel of American vessels (against loss of life, personal injury, or detention by any government);

(3) Vessels of any foreign country not an enemy of the United States engaged in the foreign or domestic trade of the United States; their cargoes and personal effects of officers and crew;

(4) Commercial vessels (including vessels under construction) owned or controlled by the United States as well as their cargoes and the personal effects and seamen's insurance for officers and crews.

The commission is also authorized to assume reinsurance functions. It would underwrite marine and marine war risks assumed by any authorized company, including protection and indemnity risks on property or interests.

Present cargo insurance rates with private underwriters are quoted at \$1.50 per \$100 on west bound transatlantic cargoes, and \$2.50 on cargoes bound for United Kingdom ports from the United States.

Survive War Blow

American firms operating in belligerent countries make few big changes in first month.

AMERICAN COMPANIES have nearly \$900,000,000 invested in 750 businesses in the four warring nations in Europe. However, hostilities had been threatening for so long that few drastic changes had to be made during the first month of the war.

A survey of a few of the larger companies directly affected shows that most of them are continuing to do business in their European plants, though salesmen traveling on the Continent have been called to headquarters, in most cases, until it is discovered how effectively they can cover their old markets.

Most companies operate now with foreign personnel in their European branches, except for key executives who

The Better to See Them With



Wide World
British Press Combine
London residents take curious precautions to avoid accidents during black-outs—everything from white black-out jackets, worn over the overcoat, to blue tail-lights, tacked to the back of the derby.

The War Week in Business

At Home

War Orders—The United States is now the buying center of the world. Neutral and warring European countries, building up their already large stockpiles of war essentials, were unusually active this week in commodity markets—particularly in foodstuffs, hides, and rubber.

Heavy Industries: American steel-makers are unable to get together with British buyers on a price for a contemplated order of 200,000 tons of steel. Meanwhile, a heavy backlog of unfilled orders continued to accelerate American steel production.

British buyers, it is reported, are also interested in the New England lumber that was cut following last year's hurricane and stored with the government's aid. Between 75,000,000 and 100,000,000 board feet are involved in the deal.

Machine tool makers, under the press of emergency orders, are extending delivery dates. One large firm now demands a year to fill orders for certain heavy equipment.

Coal shipments are being made to the Scandinavian countries for the first time in 12 years.

Consumers' Goods: A Canadian army order for 500,000 blankets, to be delivered within three months, is being shunted around. No individual United States firm is willing to contract for more than 50,000 blankets, to be delivered within that period.

Employment—Sec. Perkins reports that 300,000 men were rehired by factories from mid-August to mid-September. Government conferences with labor leaders have begun in order to meet the anticipated emergency of a labor shortage—particularly skilled labor (page 26).

Defense Preparations—Trade associations may be called upon to coordinate industrial activity in an emergency situation.

These legislative steps seem inevitable to experts: More money for defense programs already authorized, a revamped military procurement legislation to give the army and navy more leeway, and an enlarged program for the assemblage of stockpiles of strategic materials. This week Washington took these actions:

Aircraft: A Treasury Department ruling states that the cost of any special facilities for meeting government contracts will be absorbed by the government. As a part of the accelerated defense program, an order for an additional \$88,585,061 of planes was placed with ten companies.

Maritime: The Maritime Commission awarded contracts for six C-2 cargo ships.

Strategic Materials: The procurement division of the Treasury Department has called for bids on manganese, tungsten, and chromium ores for delivery to United States Army depots. The Department of the Interior has opened potash-bearing government land to private development.

Regulations—The Treasury will not take any action on the extension of short term credits to belligerents until there has been Congressional action on our neutrality (page 15).

The Inter-American Conference has proposed a 300-mile limit for western hemisphere waters. Within that area, war-like actions such as search and seizure would be forcibly prohibited.

Trade Conditions—The first importers' licenses have been received from Great Britain, and the export business, handicapped since the outbreak of war, expects an early pickup. London has banned most non-essential imports, created classes of goods which can be exported, restricted shipment of materials to countries bordering Germany.

Paris wants Roosevelt to define danger zones which must be avoided by American ships, so that transshipment of goods to Germany from neutral countries (which border the most obvious danger zones) will be curtailed.

England is organizing a Food Ministry, which will be the solitary importer of essential foodstuffs.

Shipping—In the first 24 days of the war 47 merchant ships were sunk by submarines.

American underwriters have underbid the English war risk insurance rates of two dollars on a hundred dollars worth of cargo. The private rates are \$1.50.

The United States Lines has raised passenger rates to Europe, but west-bound fares will not be increased until the evacuation of Americans has been completed.

Four new C-2 ships built for Moore-McCormack Lines, Inc., have been diverted from Baltic service to the Philadelphia-to-Buenos Aires run.

The West Coast Grace Line reports the largest freight and passenger carryings on their South American service for any September in their history.

—And Abroad

Germany—The Reich Defense Council has decreed extraordinary war credits up to a maximum of 15,000,000 marks (page 44).

The Department of Commerce in Washington reports that Germany's petroleum output rose 30% in the first seven months of this year, and Lufthansa has announced the resumption of a limited commercial air-lines schedule, stating that Germany's gasoline supply is sufficient to permit such a service.

The German Admiralty has increased its contraband list. This announcement was made hot on the heels of a British report that 186,150 tons of vital cargo intended for Germany had been seized in the first two weeks of blockade.

Great Britain—Large scale national defense loans were foreshadowed in Sir John Simon's budget speech. Also, the income tax will be revised upward again and civilian demands for goods will be "curtailed."

A two-gallon-a-day gasoline limit has

practically removed all private automobiles from the streets of London; a shortage of butter has been admitted by the Ministry of Information; and war adjustments have temporarily increased unemployment.

The Treasury has ordered all residents of Great Britain, including foreigners, to declare all foreign securities by Oct. 9. Canadian securities—estimated at \$2,700,000,000—held in London will probably be repatriated to purchase needed munitions from Canada.

Balkans—The political and economic fates of these states seems to lie at present in two diplomatic plans: (1) A reported Russian-Turkish negotiation which is believed to be a move for neutrality on the part of the Balkans; and (2) Russian-German negotiations which evidently also guarantee the status quo in return for "complete" economic assistance to the Reich and the closure of the Dardanelles to belligerent shipping. Russia has already declared that it "kept the Nazis out of Rumania."

Japan—Famous Article IX of the Mobilization Law, which big-time Japanese industrialists have fought tooth and nail, has been invoked. A Foreign Trade Ministry, with absolute control over exports and imports, will be established before the end of the year. National planning foreshadowed several years ago (*BW*—Aug 18 '34, p26), has been put into effect piece-meal from time to time.

The appointment of Kichisaburo Nomura as Foreign Minister is regarded as a step toward a new trade agreement with America. Nomura is known to be friendly to the United States.

Latin America—Undersecretary of State Sumner Welles indicated, at the Pan-American neutrality conference, that the United States might cooperate with other American countries by extending credit and shipping facilities.

Brazil: The United States has financed 65% of the \$3,500,000 purchase price for 14 ships. Brazil is also interested in other export-import bank deals for coal, oil, and railway equipment.

Mexico: A proclamation of ordinary neutrality rules has been made. A barter of oil for rayon has been arranged with Italy. A legal loophole may allow Mexican authorities to seize the 11 German merchant ships, now taking refuge in Mexican ports, as compensation for the \$500,000,000 worth of heavy machinery which Germany has pledged in payment for oil already delivered to them by Mexico.

Sweden: Wood pulp exports have been suspended until Germany's submarine warfare has been "clarified."

Canada: Depression-closed factories are being remodeled to manufacture war supplies. A control of metal exports has been established (page 46).

Dividends due non-resident members of the Montreal Stock Exchange and the Curb Market will be paid in foreign currencies—not, as was proclaimed earlier, in Canadian dollars.

manage the operations. In several instances, all employees and their families have been recalled from Germany, but few have been brought home from either Britain or France.

One big British manufacturer has asked its major competitor in the United States to take over its export business outside the Empire because it is too much occupied with war business to meet neutral export demand. Some British companies are even asking American companies to care for their Empire business, with the hope that they can recover it when the war is over.

Drugs Not Interrupted

Bristol-Myers, the proprietary drug house, reports that business in England and the Scandinavian countries is being carried on with little interruption. Latin America, especially the Argentine, has become a heavy buyer during the last month, apparently on the assumption that prices will rise soon. In part of the Latin American market where business is done on a sterling basis, the company—along with many others—has been confronted with the problem of converting income into dollars at the recent low rates on pound exchange.

One of the big automobile manufacturers has brought home a number of its engineers from the German subsidiaries, but has not found it necessary to curtail operations in England. Neither has it increased the American personnel in its Latin American subsidiaries yet.

Agencies Cut Down

Big American advertising agencies report that no European offices have yet been forced to close as a result of the war, but that drastic government economy decrees and the decision of the newspapers to curtail their size as an economy measure have cut seriously into their business. At the same time, personnel has been depleted in both France and Britain by the mobilization. McCann-Erickson, Inc., reports that the London office has been reduced by the mobilization from 45 to less than half that number. Some advertising programs have been temporarily cancelled; others have been adjusted already to meet the new situation. There is a tendency toward institutional copy. The New York office of J. Walter Thompson Co. reports the same trends, and points out that Paris newspapers have in most cases been cut to four pages (compared with a standard of eight pages in Britain), and that radio broadcasting on the limited number of stations which carry commercial programs has been sharply curtailed or completely cut off.

The Eastman Kodak Co. posted a notice at its Rochester headquarters this week assuring employees that the company's manufacturing operations are not endangered, as in 1914, by any shortage

of materials caused by the war. The company pointed out that virtually all of its manufacturing materials now are produced in the United States, whereas 25 years ago these products were imported principally from Germany, England, and Belgium.

The National Cash Register Co. announced that as a result of sharp curtailment in its European business, the company is reducing executive salaries 5% to 10%, effective Oct. 1. National has European subsidiaries in Great Britain, France, Germany, Czechoslovakia, Belgium, Switzerland, Spain and Hungary. Exclusive of its German, Austrian, and Japanese companies, foreign business last year accounted for 43% of consolidated net sales.

The American Express Co., with an eye on travel prospects in Latin America now that Europe is completely out of the tourist picture, announced during the week that it was opening several new offices throughout South America which will bring the total of the company's branches in that continent up to 17.

Metals Shift to U. S.

London loses market because of wartime restrictions and erratic performance of pound.

WHEN LONDON's metal dealers this week asked the British government to relax its rigid, war-imposed market controls, there was, under the surface, a story of major importance to many of the world's commodity markets. The plea was, in fact, an effort on the part of British dealers to prevent most of London's traditional commodity markets going to the United States.

Already there is a decided tendency in that direction. South American producers of metals, for example, aren't interested in arranging selling prices in terms of sterling with the pound bouncing all over the lot. And they aren't interested in shipping metals to London for sale while the British government is imposing prices which are far below world markets.

The effect has been that London's markets have been Empire markets and no more than that. Only the Empire, inspired by patriotism, has been willing to ship to London and accept government-imposed prices, which are quoted in depreciated sterling at that. In such a market, metal dealers might just about as well close up shop and go home, for there aren't any free dealings for them to handle.

Producers of raw materials, the world over, are looking for a market in dollars—the one more or less gold-ribbed currency. Netherlands tin producers in the East Indies aren't interested any longer in the London market, nor are the tin producers of Bolivia. The same goes for

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copper miners in the Belgian Congo and in Chile.

As things now stand, the muddle in tin is among the most important to American manufacturers. Tin in London has been pegged at about 44¢ a lb. in terms of the present pound-dollar conversion. The market in New York, while highly nominal, has been close to 70¢ a lb. for spot tin.

Tin Mills Shift Markets

American tin plate mills, with stocks on hand to run them for at least a couple of months, haven't been anxious to pay 70¢ for the metal. They have been placing orders in the Far East direct because of the government restrictions on the London market. They have been buying metal around 45¢ a lb., c.i.f. American ports. That is, the sellers agree to lay the metal down at points like New York and Baltimore and Tacoma—if and when they can.

The one catch is freight. Sellers are satisfied with the price of 45¢ laid down at the points the buyers designate. But they can't tell when they will be able to arrange for shipping facilities. American buyers have to be satisfied with delivery when they can get it.

To meet this situation, at least in part, the British government has agreed to permit London dealers to sell tin to the United States above the fixed maximum price of £230 in London. The reservation is made, however, that the £230 premium must be kept within reasonable limits.

War Flashes

FOREIGN BUYERS are sweeping our market clean of munitions-making machine tools. An Australian buyer turned up in Cleveland last week and bought four carloads of second hand equipment after having been unable to get quick delivery on new machines in either Britain or the United States. Canada and France have also bought heavily in the second hand machine tools during the last few weeks.

THE WAR BROUGHT a new industry to St. Louis this week when the McDonnell Aircraft Corp., newly organized to design and manufacture military airplanes for the government, started operations in temporary quarters at Lambert-St. Louis Municipal Airport. Twenty design experts are employed now, but personnel will jump to 200 when the first government order is signed.

THE SOAP DEPARTMENT of the New Jersey plant of Yardley & Co., Ltd., has been closed down pending arrangements for receiving necessary raw materials from some other country than England.

INDUSTRIAL DIAMONDS have trebled in price since the outbreak of war. Cutting operations in Belgium and Holland have been crippled by mobilization.

This Is Contraband

HERE is the British contraband list—the items which Britain will not allow to reach the enemy, if the British blockade can possibly prevent it. Neutral nations can receive shipments of these goods unless the British can prove to their own satisfaction that more than normal quantities are being imported, presumably for re-export to the enemy. When contraband is found, it is unloaded at British ports.

Germany has declared an identical contraband list, but since the Germans in most cases make their examination from a submarine, and are unable to bring the ship to a neutral port to unload contraband, the only way to prevent delivery to the enemy is to sink the ship. This explains the sinking of neutral ships recently.

This contraband list:

Schedule I: Absolute Contraband:

(A) All kinds of arms, ammunition, explosives, chemicals or appliances suitable for use in chemical warfare, and machines for their manufacture or repair; component parts thereof; articles necessary or convenient for their use; materials or ingredients used in their manufacture; articles necessary or convenient for the production or use of such materials or ingredients.

(B) Fuel of all kinds; all contrivances for, or means of, transportation on land, in the water or air, and machines used in their manufacture or repair; component parts thereof; instruments, articles or animals necessary or convenient for their use; materials or ingredients used in their manufacture; articles necessary or convenient for the production or use of such materials or ingredients.

(C) All means of communication, tools, implements, instruments, equipment, maps, pictures, papers, and other articles, machines, or documents necessary or convenient for carrying on hostile operations; articles necessary or convenient for their manufacture or use.

(D) Coin, bullion, currency, evidences of debt; also metal, materials, dies, plates, machinery, or other articles necessary or convenient for their manufacture.

Schedule II: Conditional Contraband:

(E) All kinds of food, foodstuffs, feed, forage, and clothing and articles and materials used in their production.

Business has accepted the contraband problem more or less philosophically. Much more of a worry is the British "blacklist" of companies all over the world which are accused of doing business with Germany. This list includes the names of Germans engaged in foreign trade in any part of the world, and of companies whose capital was German on Sept. 1 (when the list was started) even though the company is locally incorporated. Any manufacturer who does business with such importers cannot do business in any British territory, or ship in British vessels.

THE TRADING POST

Who Wants War?

AS LONG AS I CAN REMEMBER, we have been told by the apostles of the left-wing that wars are made by war-mongering industrialists. It was business, in its greed for profits, that connived to whip up the emotions of the people and then drive them blindly into war.

If a business man dared to speak for national preparedness or military training, he was pilloried by the peace-loving "liberals" as a breeder of wars, willing to turn the masses of the people into "cannon-fodder" for the sake of his profits. If an industrialist spoke a kind word for patriotism, he was denounced by the humanitarians for invoking an outworn shibboleth, useful only to bewitch the people into falling for his sinister designs.

But today it all sounds a bit strange. For example: last week a bitter sneer was directed against two U. S. Senators who favored the arms embargo as helping to keep us out of war. Now, that sneer did not come from a war-mongering steel manufacturer, impatient to reap his profits. It was Eleanor Roosevelt, our very socially-conscious first lady, who asked, "Why must we approach these questions solely from the point of view of what will save our skins and our pockets?" And it was not an explosives manufacturer who declared on the very same day, "This war is not a back-room brawl: This is Armageddon," and then proceeded in expert fashion to flay the emotions of his readers into wanting to do something about it. It was Heywood Broun, the ultra left-wing columnist, always so zealous for the common man and against the "interests."

When we recall the concern that has been shown by such leaders of opinion for the "skins and pockets" of the people in domestic matters, it is at least noteworthy that they dismiss those same "skins and pockets" so scornfully, when they are invoked as an argument against our getting into war. It doesn't quite click.

In sharp contrast to all this, is the stand of business and industry *against* our getting into war. Of this I know at first hand from personal contact with many industrialists. Of it we all know from many published statements by organized business. In every quarter, business groups are putting the maintenance of peace as a first consideration of American business.

Spokesman for even those industries that are popularly supposed to profit most from war are exposing the folly of that notion and speaking for peace. Note-worthy example is Charles Belknap, former naval officer, war-time chief of the Naval Overseas Transportation Service,

and now executive vice-president of Monsanto Chemical Co. and president of the Chemical Alliance. Writing in Monsanto Magazine he points out that it is "quite apparent that there are only losses in war—human, economic and political: there are no enduring profits." So, he declares, "no American industrialist today wants war. Industrialists—large and small—will willingly cooperate in any sincere effort to keep this country *out of war*." Like sentiments are echoed by Ernest T. Weir, president of the American Iron and Steel Institute and Philip A. Benson, president of the American Bankers Assn. Indeed, these views are well-nigh universal amongst business men.

I am quite aware that cynical left-wingers, to whom nothing that business says or does can possibly be right, will rise to point out that all this is a matter of self-interest, that business men have learned they cannot keep their "ill-gotten gains" and that they fear war-time regimentation will clip their wings and their profits. Hence, they will say, the zeal for peace. To which the answer is, "So what?"

For the purpose of this piece is not to condemn as bloodthirsty war-mongers those emotional souls who are itching to "do something about it." Of course they are not that. Neither is it intended to picture the American industrialist as a starry-eyed altruist submerging his own interests in a solicitude for his fellow men.

Rather is it intended to point out that business leadership is smart enough to have learned the lesson of the World War, that it is not deluded by the glitter of a war boom, that it knows how quickly war profits are washed away, leaving everyone the poorer. It is intended to point out that today's business leaders know that their own interests are inseparable from those of all the people, that they cannot possibly prosper if the people must suffer and die, that no one is slick enough to evade his share of the staggering cost of modern war.

Most of all, it is intended to suggest that the classic picture of the industrialist as a war-monger is obsolete. This time, business, in its own interest, is lined up steadfastly on the side of the people. Its interest is their interest. If there is anyone who wants war to come to business, it is not the business man. Rather is it those who would welcome a war-time economy as a means of getting business, once and for all, into the strait-jacket of government control. It is that group *and no one else* who might find some advantage in this country's becoming involved in the war. Everyone else—business, trade, finance, the people in every walk of life—stand to lose their all and profit nothing.

W.T.C.

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BUSINESS WEEK

The Journal of Business News and Interpretation

September 30, 1939

Embargoing the War

THE ONLY WAY for business men to think sensibly about the neutrality law is to forget that it has anything to do with neutrality. There is nothing surer about the issues before Congress this week than that they have practically nothing to do with the problem of squaring our neutrality policy with those "ancient precepts of the law of nations" to which the President devoted so much eloquence in his message.

What Congress is working on and what the people of the United States expect it to enact is a "keep-us-out-of-war law." If it achieves that, very few of our hundred and thirty millions will waste a thought on our technical neutrality—or on the bald fact that the President's own proposals clashed with "the ancient precepts of the law of nations" at every point except the one he emphasized.

ON THE QUESTION of how we can stay out of war there seem to be two effective schools of thought. Today the overwhelmingly larger is the one that says the way to stay out is to stay out, no matter what the consequences in Europe. The other—which may increase as the war goes on, just as it did in the last European conflict—says that the way to keep out is to do everything we can, short of fighting, to end the war quickly by an Allied victory. Whatever the case for Germany, it is obvious that there is no third school in this country that is going to get a moment's political consideration.

On all the issues of the 1939 "neutrality" debate, except that raised by the arms embargo, the distinction isn't important today. There can be little question of the present public support for a neutrality law that would require belligerents to take title to their purchases before these leave our shores for Europe and to transport them there in their own ships, or for restrictions designed to keep Americans off belligerent ships and American ships out of combat zones. Doubtless the debate in Congress will bring out the price that must be paid for such "war insurance" in terms of normal American trade—particularly if "cash and carry" applies even to trade with such far-flung "belligerent" areas as Australia and India.

In such provisions of the 1939 neutrality bill and in those which seek to relieve, or deprive, the President of some of his discretion in this crisis, lies the essence of our endeavor to keep out of war. How little they have to do with considerations of technical neutrality can be seen from the fact that they all impose stringent limitations on our neutral rights according to "the

ancient precepts of the law of nations." For those precepts say plainly that in time of war a neutral nation shall carry on its trade just as in time of peace, except where one belligerent bars the way to another's ports by actual and effective blockade.

Furthermore, all these provisions of the 1939 neutrality bill could be enacted by Congress without touching the arms embargo of the original law. They neither affect it nor are they affected by it. And there is no excuse for the assertion or belief that repeal of the arms embargo must be considered as a *quid pro quo* in the passage of such legislation to keep us out of war. It's a wholly separate issue to be considered on its own merits.

FOR CONSIDERATION of the arms embargo does, indeed, raise a question of neutrality. The President was correct in emphasizing that it was not in line with traditional neutrality for us to cancel out by this embargo the advantage that England and France enjoy over Germany by their command of the sea routes to American munitions. But, having done so, we cannot now restore the advantage without exerting an unequal effect on the course of the war as it is set today. The effect of the repeal—and the motive of many of those who advocate it—will be to help the Allies. We shall be better off in the long run if we refuse to blink this fact, for eventually we shall have to face its consequences. One of these may be such an overt expression of hostility by Germany that our fortunes will become involved with those of the Allies. On the other hand, another may be such a speeding up of Allied victory that the duration of the war—and our risk of involvement—will be materially cut down. If we decide to embody such a gamble in our "keep-us-out-of-war law," we should do it with our eyes open—governed by our sympathies or our conception of the national interest, and not because of any confused notion as to what constitutes neutrality.

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